

WHEN BUSINESS NEEDS A CHAMP



2017-2018
POLICY & POSITIONS MANUAL


BC Chamber of Commerce
Know what's on BC's mind.

INTRODUCTION

The BC Chamber of Commerce (the Chamber) is registered under the Societies Act (British Columbia) as a volunteer, not-for-profit association and serves its members as the provincial federation of autonomous community chambers of commerce, boards of trade, and corporate members.

Known to have been in operation as early as March 1867, the Chamber was re-established in 1952 to:

1. Develop a true cross-section of opinions of the British Columbia business community, and effectively present these opinions to government;
2. Build a diverse, competitive and sustainable economy that provides opportunity for all who invest, work and live in British Columbia; and
3. Create and nurture an effective membership organization that provides value and purpose to its members

This Policy and Positions Manual contains informed opinions and policy statements adopted by members during the policy session at the Chamber's 65th Annual General Meeting held in Victoria, BC, May 25th to 27th, 2017.

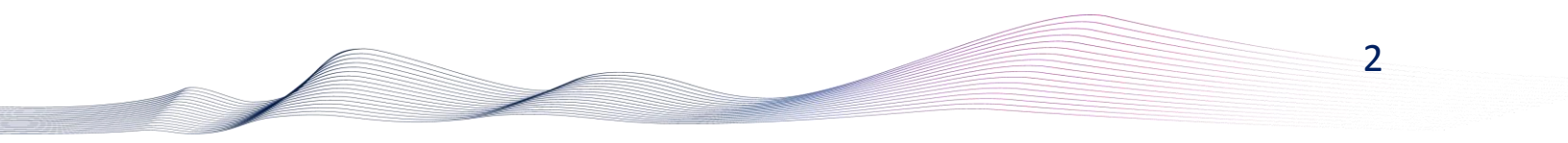
The Chamber's policy statements contained herein are submitted or presented to the provincial and federal governments and are individually called to the attention of the Cabinet ministers responsible in order to make it possible for pending government legislation and regulations to reflect the individual opinion of our chamber members.

The Policy and Positions Manual also serves as a working document for the Chamber's Policy Review Committee, whose members regularly review and assess the timeliness, importance, and scope of the Chamber's policy statements.

PLEASE ADDRESS INQUIRIES TO:

Dan Baxter
Director of Policy Development, Government and Stakeholder Relations
The British Columbia Chamber of Commerce
Suite 1201, 750 West Pender Street
Vancouver, BC
V6C 2T8

Telephone: (604) 638 8116
E-mail: dbaxter@bcchamber.org



T ABLE OF CONTENTS

POLICY PRINCIPLES	6
<u>POSITIONS ON SELECTED PROVINCIAL ISSUES</u>	
<u>ADVANCED EDUCATION, SKILLS AND TRAINING</u>	
MANUFACTURING – A SKILLED WORKFORCE (2017)	11
<u>AGRICULTURE</u>	
BUSINESS OPPORTUNITIES FOR AGRIFOOD/SEAFOOD PRODUCERS IN BC (2017)	14
CREATING A LEVEL PLAYING FIELD FOR BC BREWERIES, DISTILLERIES AND MEADERIES (2017).....	17
<u>ATTORNEY GENERAL</u>	
ACCESS TO JUSTICE – FURTHER DEVELOPMENT AND EXPANSION OF CIVIL RESOLUTION TRIBUNAL (2017)	19
LEVELING THE PLAYING FIELD FOR LIQUOR DISTRIBUTION IN BC (2017)	21
PROVIDING CERTAINTY FOR BUSINESS THROUGH THE TIMELY ADMINISTRATION OF JUSTICE (2017).....	22
STRENGTHENING BC’S HOP INDUSTRY – AN OPPORTUNITY FOR RENEWAL (2017)	26
<u>EDUCATION</u>	
INTEGRATING ROBOTICS AND AUTOMATION INTO THE REGULAR BC SCHOOL CURRICULUM (2017)	29
<u>ENERGY, MINES AND PETROLEUM RESOURCES</u>	
CAPTURING THE BENEFITS OF ELECTRICITY CONSERVATION AND EFFICIENCY AND MANAGING BC HYDRO’S LOAD RESOURCE BALANCE (2017)	33
THE IMPORTANCE OF EXPANDED OIL PIPELINE INFRASTRUCTURE TO THE ECONOMY (2017)	38
<u>ENVIRONMENT AND CLIMATE CHANGE STRATEGY</u>	
A NEW APPROACH FOR THE REMEDIATION OF CONTAMINATED SITES (2017).....	41
EXTENDING THE OPERATION OF PROVINCIAL PARK CAMPGROUNDS IN BC (2017).....	42
MOVING FORWARD WITH THE STRONG BUSINESS CASE FOR A SOUTH OKANAGAN SIMILKAMEEN NATIONAL PARK (2017).....	44
SPECIES AT RISK: BOREAL (WOODLAND) CARIBOU (2017).....	46
<u>FINANCE</u>	
COMPETITIVE TAX ENVIRONMENT FOR CREDIT UNIONS (2017)	48
ELIMINATION OF 7% PST ON LEGAL FEES (2017)	50
ENCOURAGING AND SUPPORTING MORE WOMEN ON CORPORATE BOARDS (2017)	51
IMPROVING CAPITAL RAISING EXEMPTIONS FOR BC CO-OPERATIVES (2017).....	54
MOBILIZING RURAL INVESTMENT CAPITAL (2017)	56
PST ON DONATIONS (2017).....	57
REGULATE AND MANAGE THE EMERGING SHORT-TERM RENTAL BUSINESS ENTERPRISE (2017).....	59
RENOVATION TAX CREDITS – IMPROVING BC’S HOUSING STOCK (2017).....	60
RETURN TO 3-YEAR FUNDING AGREEMENTS FOR LICENCED CHARITIES (2017).....	62
<u>FORESTS, LANDS, NATURAL RESOURCE OPERATIONS</u>	
FOSSIL PROTECTION LEGISLATION (2017)	65
THE CRUCIAL NECESSITY TO NEGOTIATE A RENEWED SOFTWOOD LUMBER AGREEMENT (2017)	67
<u>INDIGENOUS RELATIONS AND RECONCILIATION</u>	
INDIGENOUS ISSUES: ACHIEVING GREATER CLARITY (2017).....	70
<u>JOBS, TRADE, AND TECHNOLOGY</u>	
A FOCUS ON REFUGEES (2017).....	74
A FOCUS ON YOUTH ENTREPRENEURSHIP (2017).....	76
ENABLING AND PROTECTING THE NEXT GENERATION OF ENTREPRENEURS (2017)	79
SUPPORTING THE LABOUR NEEDS OF TODAY AND TOMORROW – BC PROVINCIAL NOMINEE PROGRAM (2017)	81

T ABLE OF CONTENTS

<u>MENTAL HEALTH AND ADDICTIONS</u>	
SAFE COMMUNITIES AND STRONG ECONOMIES – MENTAL HEALTH AND ADDICTIONS IN BC (2017)	84
<u>MUNICIPAL AFFAIRS AND HOUSING</u>	
ACCELERATING DEVELOPMENT BY ALLOWING FOR OPTIMUM TIMING OF PAYMENT OF DEVELOPMENT COST CHARGES (2017)	87
CLOSING THE GAP BETWEEN NON-RESIDENTIAL AND RESIDENTIAL PROPERTY TAXES (2017)	89
REINSTATEMENT OF THE BUSINESS VOTE IN BC (2017).....	91
REMOVING UNCERTAINTY FROM COMMUNITY AMENITY CONTRIBUTIONS (2017)	93
RENT CONTROL POLICY: ALLOWING MUNICIPAL CONTROL OF MAXIMUM ALLOWABLE RENT INCREASES (2017)	97
SUPPORTING BC’S GROWTH AND ECONOMY: MODERNIZATION OF REGIONAL DISTRICTS (2017)	98
<u>OFFICE OF THE PREMIER</u>	
MARIJUANA AND THE WORKPLACE: ENSURING THE SAFETY OF WORKERS AND BUSINESSES (2017)	100
<u>PUBLIC SAFETY AND SOLICITOR GENERAL</u>	
COUNTERING COSTLY CYBERCRIMES (2017)	103
RCMP THE LINE OF FIRST DEFENCE AND RESOURCE OF LAST RESORT (2017)	105
SAFE COMMUNITIES AND STRONG ECONOMIES – SUPPORTING POLICING IN BC (2017)	107
<u>SOCIAL DEVELOPMENT AND POVERTY REDUCTION</u>	
ENHANCING ACCESS TO THE REGISTERED DISABILITY SAVINGS PLAN FOR DISABLED EMPLOYEES (2017)	110
RE-WORKING SOCIAL CAPITAL TO SUPPORT ECONOMIC GROWTH (2017)	111
TRANSITIONING WORKERS TO FULL EMPLOYMENT (2017)	114
<u>TOURISM, ARTS AND CULTURE</u>	
GROWING BC’S WORKFORCE THROUGH CONSISTENT INVESTMENT IN BRITISH COLUMBIA’S PUBLIC ARTS AND CULTURE SECTOR (2017)	116
<u>TRANSPORTATION AND INFRASTRUCTURE</u>	
BC FERRIES ROUTE 10 AND THE NORTHERN BC TOURISM ECONOMY (2017)	121
CONTINUING 2014 TRUCKING DISRUPTION ISSUES – PORT OF VANCOUVER (2017)	122
IMPROVING A KEY BC-U.S. GATEWAY: BELLVILLE INTERNATIONAL FERRY TERMINAL (2017)	124
IMPROVING BC’S CRUISE SHIP INDUSTRY: OGDEN POINT MASTER PLAN (2017)	125
IMPROVING URBAN TRANSPORTATION IN BC: TRANSPORTATION AUTHORITIES (2017)	127
INVESTMENT IN NORTHERN HIGHWAYS AND WESTERN GATEWAY (2017)	127
KEEP BC BUSINESS MOVING (2017)	129
SUPPORTING NEW INVESTMENT IN INFRASTRUCTURE TO ENHANCE CANADA’S ASIA PACIFIC GATEWAY INITIATIVE (2017)	131
TRANSFORMING THE HEAVY-DUTY TRANSPORTATION MARKET (2017)	134
EAST-WEST CONNECTOR BETWEEN ABBOTSFORD AIRPORT & HIGHWAY 99 (2017)	137
<u>POSITIONS ON SELECTED NATIONAL ISSUES</u>	
<u>FINANCE</u>	
ELIGIBILITY FOR SMALL BUSINESS TAX RATE (2017)	141
FINES AND PENALTY REFORM FOR BUSINESSES (2017)	142
<u>GLOBAL AFFAIRS</u>	
CANADA-CHINA TRADE TARIFF GAP (2017)	144
<u>INDIGENOUS AND NORTHERN AFFAIRS</u>	
INDIGENOUS LAND TITLE INITIATIVE (2017)	145
FIRST NATIONS INFRASTRUCTURE INSTITUTION (2017)	146

T ABLE OF CONTENTS

<u>INNOVATION, SCIENCE AND ECONOMIC DEVELOPMENT</u>	
AMENDING AND REPLACING CANADA'S ANTI-SPAM LEGISLATION (2017)	149
<u>TRANSPORT</u>	
PORT AND MAJOR AIRPORT SHARE CAPITALIZATION (2017)	152

Principles of Effective Public Policy

Public policy affects the businesses and economy of British Columbia through the impact of:

- Regulation;
- Taxation; and
- Provision of government services, programs and infrastructure.

Regulation

Well-designed and effectively enforced regulation does improve how the economy functions by providing certainty for the business community. Certainty is essential for decisions our businesses make when it comes to long-term investments. Regulation should achieve environmental and social policy goals without:

- Imposing significant compliance costs on firms; or
- Weakening the ability of businesses to adapt to changing economic conditions, technologies and consumer preferences.

Harm to business and constrained economic activity occurs when regulations have:

- Disproportionately high compliance costs (particularly administrative costs);
- Inconsistency in the way they are enforced (as unenforced regulation favours those who would ignore them);
- Inequitable in their design and application;
- Restrict competition; or
- Otherwise create an onerous or uncertain burden on business.

The Chamber believes that government must ensure that regulation is:

Effective - Monitored or measured against intended outcomes to meet justified needs.

Equitable – Non-exclusive in their application to the greatest extent practicable, depending upon the circumstances.

Cost-Efficient – The cost of regulation, both in terms of administrative cost to government and cost to the economy is balanced against the intended benefits.

Predictable – Business must be comfortable the regulatory landscape is not open to sudden or dramatic change. Regulatory changes should not come as a surprise to the regulated sectors and have appropriate transitional provisions.

Transparent – Both the regulations and the process for establishing them must be open to public input and review.

Timely – Regulations should never be ‘set in stone’ but rather subject to periodic review.

Flexible – Regulations, individually and collectively, must be responsive to changing circumstances.

Integrated and Harmonized – Wherever it’s practical, governments should integrate and reduce regulatory requirements and streamline assessment and compliance processes (i.e. ‘one project, one process’).

POLICY PRINCIPLES

Taxation¹

Business recognizes that government has a fundamental role to play in providing the infrastructure, both physical and social, that is essential to a vibrant and sustainable business climate. The Chamber recognizes that tax revenue must be raised by governments to pay for services, programs and infrastructure, but when properly designed should minimize distortive impacts on business and the economy.

Specifically, the Chamber believes government must ensure that taxes are:

- **Low, yet adequate** - Just enough to generate the revenue required for provision of essential public services and avoid structural deficits.
- **Broad-Based** - Spread over the widest possible section of the population or sectors of economy to minimize the individual tax burden.
- **Efficient** - Collection effort should not consume a significant portion of tax revenue, and should be implemented in an economically efficient way (i.e. consumption taxes versus income or capital taxes). Tax credits, earmarking and exemptions are generally opposed by the Chamber.
- **Equitable** - Taxes should apply equally to all individuals or entities in similar economic circumstances.
- **Transparent** - To the extent that they interfere with or influence individual decision-making or favour some sector, explicitly acknowledge this intent.
- **Predictable** - Collection of taxes should reinforce their inevitability and regularity.
- **Simple** - Tax compliance, assessment and determination should be easily understood by an average taxpayer.
- **Competitive** – The overall tax burden must reflect the need for BC to remain competitive on a regional, national, and international basis.
- **Well-managed:** Effective and efficient systems of internal control are in place and proportionate to the risks they aim to mitigate, yet support innovation and results for British Columbians.

¹ "Taxation" includes all methods applied by government to raise revenue, whether or not a tax, government budgeting and the application of fiscal and monetary tools by government.

Government Spending and Programs

The provision of government programs is a central responsibility of government. Whether it is education, health care, housing, policing or income assistance, government plays a fundamental role in providing services that support families, business, and the broader community. However, government has a greater responsibility to ensure funding dedicated to these programs is appropriately directed and provides value to the taxpayer. Specifically, government must ensure programs consider the following questions:

- **Public Interest** – Does the program or area of activity serve the broad public interest?
- **Balance** – Does it balance the overall needs of society and address the sometimes-difficult tradeoffs? For example, health care has increasingly crowded other areas of investment essential to the economic well-being of British Columbians.
- **Holistic** – Does the activity address the issue holistically (i.e. across society and government agencies)?
- **Funded Appropriately** – Is program funding linked to the natural cycle of the underlying investment (i.e. Municipal infrastructure has a different life cycle than education or unemployment insurance)?
- **Harness Competition & Innovation**– Does it consider and appropriately harness competition and innovation to control the cost of public services? For example, can delivery costs be lowered through intelligent use of technology, demand management, public-private partnerships or third party delivery?
- **Affordability** – Is there broad public support for the level of taxation that is required to support a program and does it appropriately control demand as well as supply?
- **Role of Government** – Is there a legitimate and necessary role for government in this program area or activity, or could the private/voluntary sector play a greater role in whole or in part?
- **Efficiency** – If the program or activity continues, how could its efficiency and effectiveness be improved?
- **Accountability** – Are British Columbians getting value for their tax dollars?



BC Chamber of Commerce

Know what's on BC's mind.

POSITIONS

ON

SELECTED PROVINCIAL ISSUES

2017

MANUFACTURING – A SKILLED WORKFORCE (2017)

Introduction

In the Canadian Manufacturers & Exporters (CME) Industrie 2030 report, 35% respondents to a Management Issues Survey indicated that attracting or retaining skilled labour was one of their three most pressing challenges.¹ This topped the list of all possible responses. Further, CME reports that close to 60% of businesses anticipate skilled labour shortages in 5 years. There are multiple strategies to attract youth to trade programs and to attract skilled immigrants. A third approach may be required to meet the growing skills gap: a flexible, easily accessible incentive program for employers to upgrade the skills of existing employees and potential hires to meet their specific skill requirements.

Background

A Google search for “Canadian skills gap” yields about 349,000 results, mostly news-media and “grey” literature articles. Anecdotally, employers decry the lack of skills, which leave positions unfilled. Unemployed or underemployed university graduates decry the lack of opportunities in their fields. Industry associations, such as CME, advocate for developing a stronger skilled workforce in Canada as part of their Industry 2030 reports.²

Loosening immigration and temporary foreign worker regulations to assist employers access skilled labour or introducing the trade careers earlier in the education stream to foster a change of perceptions regarding employment prospects are often proposed. One concept that has yet to be brought forward in any substantive form is using tax credits to provide incentives for personal or in-house training.

Despite a variety of programs, grants and tax incentives there is no over-arching flexible opportunity to encourage employers and employees to work together to fill any skills gap. Employers spend less on training than in previous decades³ and attracting good workers has become challenging since wages have stagnated.⁴

There are a number of programs that provide some incentives through grants and other tax credits, however they are limited in various ways to specific demographics and circumscribed circumstances. The Canada – BC Job Grant provides up to \$10,000 to employers per employee. However, the grant only applies to certain demographics, is available for a certain period of the year (April through August), must be applied for well in advance of that training period, and it comes in the form of a reimbursement for only two-thirds of the cost requiring the employer and/or employee to pay for tuition up front.⁵ There are tax credits available through WorkBC for very specific industries and activities⁶ There is a federal wage subsidy program for youth only.⁷ And for older workers, there is an employment assistance program for re-training – but only if the worker is unemployed, in a community experiencing high unemployment or

1 Industrie 2030, Manufacturing Growth, Innovation and Prosperity for Canada, CME, CMC. 2016. P.15. www.industrie2030.ca

2 Industrie 2030, Manufacturing Growth, Innovation and Prosperity for Canada. CME, CMC. 2016. P.20. <http://www.industrie2030.ca/>

3 Ontario employers spent \$1,200 in 1993 decreasing to \$700 in 2010. <http://www.conferenceboard.ca/infographics/skills-gap-info.aspx>

4 Morissette, Rene, et al. The Evolution of Canadian Wages over the Last Three Decades. Statistics Canada – Analytical Studies Branch Research Paper Series. 11F0019M-No.347. <http://www.statcan.gc.ca/pub/11f0019m/2013347/part-partie1-eng.htm>

5 <https://www.workbc.ca/Employer-Resources/Canada-BC-Job-Grant.aspx>

<http://smallbusinessbc.ca/canada-bc-job-grant/>

<https://news.gov.bc.ca/stories/canada-job-grant-can-help-businesses-pay-for-employee-training>

6 Training Tax Credit <https://www.workbc.ca/Employer-Resources/Funding-and-Programs/Incentives-and-Tax-Credits.aspx>

7 “Get Youth Working” for BC, 15-29 years old, providing a \$2,800 hiring incentive. <http://canadabusiness.ca/grants-and-financing/government-grants-and-financing/wage-subsidies/>

economic downturns.⁸ The best program by far is the Training Tax Credit for apprenticeships through the Industry Training Authority.⁹

The targeted nature of grants and credits are very helpful to employers to onboard minorities and the sometimes hard to employ. However, if an employer requires a very specialized skill set and has an employee who, with a bit of training, could fill the gap, there is little to support either party, particularly for small to medium sized entities.¹⁰

Employees, whether full or part-time, in their chosen career or underemployed based on their degree attainment bear some responsibility for their own training, but many are caught with student debt and minimum wage positions.¹¹ Workers cannot gain experience because employers are reluctant to take on those who may require additional skills mentoring. Full time workers with families are unable to shoulder the high cost of tuition that is required for them to keep up with the changing nature of their employment. This is particularly true for positions that are becoming more vulnerable with the rapid advances in technology.¹² Further, employees and/or students are eligible for a small tax deduction for tuition fees,¹³ but effective January 1, 2017, related education and textbooks deductions were eliminated.¹⁴

Employers in Ontario were asked why they are reluctant to train, especially the small and medium enterprises who are not training their employees in any substantive manner. The Ontario Chamber of Commerce and Essential Skills Ontario (2014) concluded:

Employers are not training due to a couple of key factors, including cost, risk of turnover and 'poaching,' and a lack of human resource capacity. The success of employer-driven training programs is contingent on employer engagement. *It is vital that government design training and employment programs so that they overcome these barriers. Training and employment programs should be easy to access for businesses, offer flexible training options to the workers who need it, and make room for not-for-profit and private service providers to play an intermediary role in the new training and employment system.* [Emphasis added]

Similarly, employers need to get more engaged in building the skills of their employees. Ontario's population is aging and our workforce is shrinking. Some 28 percent of OCC members are having trouble filling job vacancies....¹⁵

BC's situation of aging workers and the need for specialized skills would, no doubt, be similar to what the researchers for Ontario found. And, as listed, programs for BC employers are limited and at times difficult

8 Funding for Employment Assistance for Older Workers

<https://www.canada.ca/en/employment-social-development/programs/training-agreements/older-workers.html>

9 <http://www2.gov.bc.ca/gov/content/taxes/income-taxes/corporate/credits/training/employer>

10 Employer/employee tax deductions for scholarships, etc -- "In this situation, the amount of the scholarship or bursary is considered to be employment income for the employee or former employee."

<http://www.cra-arc.gc.ca/tx/bsnss/tpcs/pyrll/bnfts/dctn/ttn-eng.html>

11 Dehaas, Josh. "Entry-level" jobs are getting harder to find. Macleans. April 5, 2014. <http://www.macleans.ca/work/jobs/entry-level-jobs-are-getting-harder-to-find/>

12 Hennessy, Angela. "As well or better than humans": Automation set for big promotions in white-collar job market.

<http://www.cbc.ca/news/business/automation-jobs-canada-computers-white-collar-1.3982466>. February 28, 2017.

13 Eligible tuition fees: <http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/ncm-tx/rtrn/cmpltng/ddctns/Ins300-350/323/lgbl-eng.html>

14 Effective January 1, 2017, the federal education (a \$ amount x #of months) and textbook tax credits will be eliminated. <http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/ncm-tx/rtrn/cmpltng/ddctns/Ins300-350/323/menu-eng.html>

15 Holmes, Andrea and Josh Hjartarson. Moving Forward Together: an Employer Perspective on the Design of Skills Training Programs in Ontario. Ontario Chamber of Commerce. 2014.

ADVANCED EDUCATION, SKILLS AND TRAINING

– more a challenge and a barrier than an incentive. Streamlining opportunities and simplifying application processes would greatly enhance the ability of employers, particularly the small and medium sized entities, to engage in developing their own workforce.

Employers no longer have the luxury of hiring a made-to-order employee as the nature of the labour force has changed; and, employees no longer have job security as the nature of their work is rapidly changing due to advances in technology.¹⁶ An over-arching strategy of incentives for skills-upgrading on the job would encourage employers and employees to fill their own gaps with their own resources, particularly when employees have the opportunity to tailor their skills sets to the need at hand.^{17,18}

THE CHAMBER RECOMMENDS

That the Provincial and Federal Governments:

1. Develop an easily accessible and understood portal to the tax credits and grants currently available for individually-funded and employer-sponsored education expenditures; and
2. Give due consideration to expanding tax credits and grants and be more flexible to assist businesses fill diverse and specific skills gaps as they emerge.

16 Hennessy, Angela. "As well or better than humans": Automation set for big promotions in white-collar job market. <http://www.cbc.ca/news/business/automation-jobs-canada-computers-white-collar-1.3982466>. February 28, 2017.

17 Cappelli, Peter. Skill Gaps, Skill Shortages and Skill Mismatches: Evidence for the US. The National Bureau of Economic Research. August 2014. <http://www.nber.org/papers/w20382>

18 Burleton, Derek et al. Jobs in Canada: Where, What and For Whom? Executive Summary. TD Economics. October 2013.

BUSINESS OPPORTUNITIES FOR AGRIFOOD/SEAFOOD PRODUCERS IN BC (2017)

Agriculture and food products exports rose 7.8%¹ and the Canadian food industry manufacturing GDP increased 7.4% in 2016.²

As BC's agrifood and seafood sector continues to grow, the need for coordinated regional strategies for agrifood/seafood producers in the province remains critical.

The sector showed a 25% increase in annual revenue from \$10.5B in 2010 to a record \$13B in 2015.³ A coordinated regional approach for the delivery of goods to market will assist the Province with achieving the *BC Agrifood and Seafood Strategic Growth Plan's* goal of growing the sector to \$15B by 2020.⁴

A long-term strategy to grow the annual revenue of BC's agrifood/seafood sector to \$20B by 2025 should also be developed.

Approximately 7% of Canada's land area is suitable for farming. Although BC has only 4% of Canada's farmland, the province generates 6% of the country's gross farm receipts.⁵

Between 2011 and 2013, BC produced over 80% of Canada's apricots and sweet cherries, over 40% of its pears and plums, and over 20% of its apples, nectarines and peaches. British Columbia producers also lead the nation in sales of blueberries, cranberries, raspberries, garlic and leeks, apricots, cherries, pears, plums, apples, nectarines, peaches as well as salmon, halibut and a variety of other fish and shellfish.⁶

The adoption of a regional approach to business planning for BC agrifood/seafood producers will improve access to:

- funding programs/agencies for agriculture;
- food safety regulatory agencies;
- technical expertise and consultants; and
- methods of selling or expanding a farm business.

The Province's *BC Buy Local Program* has invested \$8M in 200 BC companies assisting businesses to expand their reach and sales in BC communities and leverage \$29M in investments in "Matching Funds."⁷ The 2017 provincial budget announced an additional \$6M in funding (\$2M per year) over the next three years.

The International Market Development Strategy developed by the BC Ministry of Agriculture outlines a plan to connect BC products with foreign buyers and markets, including *The BC Export Catalogue* showcasing 100 BC producers that are ready to export their products to foreign markets.⁸ The BC government's network of 13 international trade offices, BC trade missions, and innovation and market

1 CMEA Merchandise Sales Analysis Nov 2016 page 2

2 CMEA Merchandise Sales Analysis Nov 2016 page 10

3 BC Strategic Plan 2017/2018, Agrifood/Seafood page 6

4 BC Strategic Plan 2017/2018, Agrifood/Seafood page 6

5 COEDC Profile for Agriculture November 2015 page 5

6 COEDC Profile for Agriculture November 2015 page 5

7 BC Strategic Plan 2017/2018, Agrifood/Seafood page 6

8 BC Strategic Plan 2017/2018, Agrifood/Seafood page 6

development funding have all played roles in increasing our exports which reached a record \$3.5B in 2015.⁹

AgriTECH investments such as the *BC AG-Tech Venture Acceleration Program* help maximize productivity, minimize inputs and create greater value for BC's farmland and Coast.¹⁰

A long-term commitment from the Province for continued funding to these programs will provide greater certainty and a stronger investment climate for agri-tech and agri-tourism businesses.

Partnering with the federal government benefits BC agrifood/seafood producers through programs such as the Growing Forward 2 (GF2) agreement with the Province of British Columbia. This program provides funding for risk management programs, new product development, and commercialization that increase sustainability and competitiveness.

The Investment Agriculture Foundation is an industry-led not-for-profit organization that works with the agri-food industry to strategically invest federal and provincial funds towards projects that have the potential to transform ideas into solutions.¹¹

Up to \$600,000 in federal and provincial funding is available for projects between April 1, 2017 and March 31, 2018 (FY 2017/18). Eligible projects should enable BC's agriculture, food and seafood sectors to increase export sales and expand international market access through participation in international development activities. A maximum of \$50,000 in funding is available and participants must contribute 50% in cash of the total project cost.¹²

Agriculture and Agri-food Canada administers three broad federal programs under GF2 aimed at generating market-based economic growth in the agricultural sector. They are:¹³

- AgriInnovation
- AgriCompetitiveness and
- AgriMarketing

GF2 is a five-year (2013-2018) policy framework for Canada's agricultural and agri-food sector. GF2 is a \$3 billion investment by federal, provincial and territorial (FPT) governments and the foundation for government agricultural programs and services. GF2 programs focus on innovation, competitiveness and market development to ensure Canadian producers and processors have the tools and resources they need to continue to innovate and capitalize on emerging market opportunities. In addition, an effective suite of Business Risk Management programs helps farmers in managing risk due to severe market volatility and disaster situations.¹⁴

The Mandate Letter for the federal Minister of Agriculture and Agrifood commits to implementing a new multi-year agricultural policy framework to replace GF2 in 2018. Opportunities exist to engage in

9 BC Strategic Plan 2017/2018, Agrifood/Seafood page 6

10 BC Strategic Plan 2017/2018, Agrifood/Seafood page 6

11 IAFBC Growing Forward 2: BC Agrifood & Seafood Export Program 2017/18

12 IAFBC Growing Forward 2 BC Agrifood & Seafood Export Program 2017/18

13 www.agr.gc.ca Growing Forward 2

14 www.agr.gc.ca Growing Forward 2

consultations with the federal government to help shape the direction of future policy and programs for the agriculture and agri-food sector.¹⁵ The federal government followed through on its commitment of a \$950M investment in industry-led super clusters in sectors such as manufacturing and agri-food in the 2017 federal budget.¹⁶

Continued cooperation between local, provincial, federal and international governments will assist BC agrifood/seafood producers resulting in increased economic growth and food supply security in our communities.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Extend investment of at least \$2M per year in the BC BUY LOCAL Program in 2020;
2. Develop a long-term strategy to grow annual revenue of the agrifood/seafood sector in British Columbia to \$20B by 2025;
3. Continue cooperative partnerships with local, federal and international governments in the delivery of funding programs that assist BC businesses with getting their product to market;
4. Creates regional initiatives that promote incentives for agritech and agritourism investment and ecologically, environmentally and economically responsible innovation in BC's agrifood/seafood sector;
5. Provides support to SME businesses in our communities that create local agri-tourism activities for visitors to British Columbia; and
6. Encourages regional economic development alliances focused on attracting and facilitating business retention and expansion.

That the Federal Government:

7. Extend BC's agrifood/seafood sector funding programs beyond the current commitment of \$427M from 2013-2018.

¹⁵ www.agr.gc.ca Growing Forward 2

¹⁶ Ensign Analysis: Federal Budget 2017 Innovation page 3

CREATING A LEVEL PLAYING FIELD FOR BC BREWERIES, DISTILLERIES AND MEADERIES (2017)

Introduction

Regulatory changes to agri-business rules covering wineries and cideries in the Agricultural Land Reserve (ALR) were not equally applied to breweries, distilleries and meaderies, creating a barrier to the establishment and growth of this industry in many parts of BC

Background

In 2015, the BC Minister of Agriculture announced changes to agri-business rules in the Agricultural Land Reserve (ALR). Breweries, distilleries and meaderies would be allowed to open on farmland in the ALR provided they meet the same rules set out for wineries. As with wineries in the ALR, at least half the farm ingredients that go into the beer, spirits or mead must be grown on the farm.¹ The Agriculture Minister noted that hops farming is on an upswing in areas such as Chilliwack and Kamloops, and predicted the rule change will create an incentive for more farmers to take a risk and get into beverage production.²

However, when the Agricultural Land Commission Act regulations were issued, there was a noticeable difference in the wording regarding the 50% requirement for wineries and cideries,³ compared to breweries, distilleries and meaderies.⁴

The regulations for wineries and cideries state:

Section 2(2.1) A winery or cidery, and ancillary uses, are designated as farm uses for the purposes of the Act if

- (a) at least 50% of the farm product used to make the wine or cider produced each year is grown on the farm on which the winery or cidery is located, or*
- (b) the farm on which the winery or cidery is located is more than 2 ha in area and at least 50% of the farm product used to make the wine or cider produced each year is grown*
 - (i) on the farm, or*
 - (ii) both on the farm and on another farm located in British Columbia that provides that farm product to the winery or cidery under a contract having a term of at least 3 years.*

The regulations for breweries, distilleries and meaderies state:

Section 2 (2.3) A brewery, distillery or meadery, and ancillary uses are designated as farm uses for the purposes of the Act if at least 50% of the farm product used to make the beer, spirits or mead produced each year is grown on the farm on which that brewery, distillery or meadery is located.

Breweries, distilleries and meaderies do not have the ability to source 50% of their products from other farms in BC. While areas like the Fraser Valley are developing a growing resurgence in the production of hops, an article in the Abbotsford News⁵ pointed out that the barley and hops used to make beer play very different roles in the brewing process. The barley forms the base of the beer, and generally makes up

¹ <https://news.gov.bc.ca/stories/new-regulations-encourage-farming-on-alr-land>

² <http://www.newwestrecord.ca/news/alr-reforms-ease-way-for-breweries-value-added-plants-1.1974503>

³ http://www.alc.gov.bc.ca/assets/alc/assets/legislation-and-regulation/policies/alc_-_policy_l-03_-_wineries_and_cideries.pdf

⁴ http://www.alc.gov.bc.ca/assets/alc/assets/legislation-and-regulation/policies/alc_-_policy_l-21_-_brewery_distillery_meadery.pdf

⁵ <http://www.abbynews.com/news/408677385.html>

between 96% and 99% of the dry materials. Hops, berries and other flavourings give beers - especially increasingly popular craft brews - their unique character. They are much more expensive, per pound, than barley and rarely make up more than 4% of a beer's ingredients.

The problem is that, while hops and other ingredients are grown in many different areas of the province, barley is not. A report⁶ prepared by the City of Abbotsford in response to an applicant looking to start a brewery on ALR land stated, "the cost of land and large quantity of malt barley used in brewing makes barley somewhat impractical as a crop, as it is not economically feasible."

The following changes to the regulations would provide for equitable treatment of breweries, distilleries and meaderies:

Section 2(2.3) A brewery, distillery or meadery and ancillary uses, are designated as farm uses for the purposes of the Act if;

(a) at least 50% of any of the farm product used to make the beer, spirits or mead produced each year is grown on the farm on which the brewery, distillery or meadery is located, or

(b) the farm on which the brewery, distillery or meadery is located is more than 2 ha in area and at least 50% of any of the farm product used to make the beer, spirits or mead produced each year is grown

(i) on the farm, or

(ii) both on the farm and on another farm located in British Columbia that provides any farm product to the brewery, distillery or meadery under a contract having a term of at least 3 years.

In May 2016, Coralee Oakes, Minister of Small Business, Red Tape Reduction and Responsible for the Liquor Distribution Branch announced an additional \$10 million a year in economic support for craft brewers in the province.⁷ She stated, "Today's announcement will support growth and create jobs for small businesses in BC's booming craft beer industry. We are witnessing new craft breweries popping up around the province, and this speaks to the entrepreneurial spirit of the craft brewing industry as well as the success of our changes to date."

The government of BC has recognized permitted agri-tourism activities as a significant benefit to preserving the economic viability of the ALR. Amending these regulations offers a needed balance while allowing BC farmers to supplement their incomes through secondary activities that support farming and agriculture on their land.⁸ In addition, these activities can provide incentive and economic viability to bring smaller and/or under-utilized ALR properties back into agricultural production.

THE CHAMBER RECOMMENDS

That the Provincial Government amends the Agricultural Land Reserve Use, Subdivision and Procedure Regulation (BC Reg. 171/2002) to permit breweries, distilleries and meaderies similar product content rules as wineries and cideries.

⁶ City of Abbotsford - Report PDS 025-2016 re: Agriculture Land Commission application to permit a non-farm use

⁷ <https://news.gov.bc.ca/releases/2016SBRT0024-000824>

⁸ <https://news.gov.bc.ca/releases/2016AGRI0044-001383>

ACCESS TO JUSTICE – FURTHER DEVELOPMENT AND EXPANSION OF CIVIL RESOLUTION TRIBUNAL (2017)

Introduction

The ability to access the justice system to resolve issues in a timely and cost-effective manner is a foundation upon which our society is based. An effective justice system supports the ability for business to thrive by enabling an expeditious resolution of legal matters that interrupt the lives of business owners and their employees. The same justice system rightly needs to be shared with all the other criminal and civil proceedings that also need to take place. Constraints on the justice system cause costly delays that affect not only the business community, but families, citizens, and taxpayers as well. Alternative dispute resolution mechanisms should be endorsed, and expanded. The Civil Resolutions Tribunal (CRT) is a mechanism with strong potential to give the business community greater access to justice and should be supported.

Improvements to the Justice System

Over the last decade, the provincial government, the courts and others have implemented many measures, which have improved efficiencies in the justice system. These have included:

- Mandatory mediation in the Provincial Court to reduce the number of disputes that take valuable court time;
- Use of video technology in the Provincial Court to reduce the cost to the criminal justice system of transporting prisoners for short procedural hearings and to connect judges sitting anywhere in the province to a courtroom where his or her services are needed;
- Moving hundreds of impaired driving cases out of the courts through use of the immediate roadside prohibition;
- The introduction of a new Family Law Act, with a focus on helping people settle their disputes early and out of court, where possible;
- Development of the Crown Counsel File Ownership Project to reduce the number of Crown Counsel and administrative staff who engage with each prosecution file;
- Creation of Justice Access Centres in Vancouver, Victoria and Nanaimo to assist citizens in navigating the legal system or resolve issues outside the legal system;
- The Provincial Court Scheduling Project, implemented in November 2013, to ensure that our courts make optimal use of court rooms and of judges' time; and
- Implementation of the Provincial Court mediation program in Vancouver, North Vancouver, Surrey, Nanaimo, and Victoria.

While these reform efforts have created significant efficiencies, there continue to be cost pressures and reduced public spending on the court system and on certain aspects of the justice system causing delays in the courts for all, including business. It is even more difficult to access dispute resolution resources for those living outside of communities with small claims mediation programs, leaving those in the Interior and Northern BC, as well as rural areas, with limited access to these resources.

Civil Resolution Tribunal Benefits

The introduction of the Civil Resolution Tribunal, which became operational in 2015, has attempted to address the lack of access to justice facing British Columbians by allowing citizens to resolve strata disputes online. As of February 7, 2017, the CRT strata tool had already received 4,000 hits, with 230 cases already having moved forward onto mediation or adjudication. The CRT mandate is to eventually expand into additional small claims matters. While this is the intent, new legislative changes have not yet been

entered into force, and when they are, they will be limited to lower-value small claims until resourcing of the CRT permits further expansion of the program.

The goal of the CRT is to provide easy to understand legal information and eventually provide a number of methods to solve conflicts, including negotiation, facilitation, and adjudication. This is almost all done online and, in most cases, does not involve the additional cost of legal representation.

Having an additional quasi-judicial body that can provide individuals and businesses with a straight forward and affordable way to resolve their legal disputes will not only save time and resources for BC Businesses, but alleviates cost pressures on the entire court system, which benefits society as a whole. Small businesses in British Columbia rely on an efficient and fair legal system to resolve business disputes that arise from time to time. As the lifeblood of the BC economy, small business accounts for 98% of all BC businesses and 56% of all private sector employment. Small business is vital to the economic success and prosperity of British Columbia.

Today, it typically takes about 9.5 months from the time a reply in a civil claim, the type of claim most businesses are involved in, is filed in the Provincial Court until a half-day trial can take place. The Provincial Court's objective, as set by the Chief Judge, is six months between the filing of the reply and the trial.

These delays don't just add costs to the justice system, but also add costs to companies doing business in BC. Whether it's collecting a debt, settling a shareholders dispute, or a potential hiring decision delayed because court time isn't available, the fact is that reducing court backlogs will help business resolve many civil cases thus getting owners and operators back to growing their business and creating jobs for British Columbians.

One of the main factors contributing to these delays is an increase in the number of self-represented litigants in the court system. People who do not have the assistance of a lawyer can often cause inadvertent delays and an unnecessary waste of valuable court time. Cases without lawyers generally take much greater court time. Many of these litigants simply wish for a chance to be heard and for a binding decision on their dispute. Given that the CRT does not even permit lawyers under most circumstances, the conflict resolution services of the CRT is very likely to remove these unrepresented litigants from the court system, and greatly reduce the current backlog.

Conclusion

The ability to access the justice system of BC to resolve legal disputes is essential to the functioning of business in the province, and most importantly, to our civil society. The communities of the province, especially rural and northern communities, need an effective and timely method of resolving their legal disputes. The BC Chamber recognizes that the CRT can be an effective alternative to traditional court services for resolving civil disputes, and is a more cost-effective model for the business community. The BC Chamber believes that fostering greater access and progressive development of the CRT will greatly help to address the current access to justice constraints in the Province, and will benefit BC businesses.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Extend and expand a sound public awareness campaign to educate the public on the Civil Resolution Tribunal, and its dispute resolution options in strata property and small claims matters;
2. Continue to implement the 2015 changes to the Civil Resolutions Tribunal Act, and ensure that there enough resources in place for the Tribunal to settle claims up to the full \$35,000 limit in a reasonable time frame; and
3. Ensuring an effective review process within 2 years of small claims matters being accepted to maintain that the public has access to the right information and resources in utilizing the CRT process, and to explore further opportunities to expand the program. The review should set additional goals with measurable targets to allow the CRT to reach its full potential in small claims and strata property matters.

LEVELING THE PLAYING FIELD FOR LIQUOR DISTRIBUTION IN BC (2017)

Introduction

Previous discussion around liquor regulations in British Columbia noted among other things that *“the government brings no special talents or purpose to retailing, warehousing or distributing alcohol. Increasing opportunities for private-sector involvement will result in improved services, consumer choice and access, and better use of Liquor Distribution Board (LDB) resources.”*¹

For more than a decade the Province has been reviewing and engaging a variety of stakeholders in order to modernize liquor regulations. They have balanced the views and concerns of British Columbians with the needs of the industry and the demands of consumers. In the time since the announcement noted previously, the Province has implemented many of the changes suggested by the BC Chamber and industry stakeholders though the intended privatization of distribution never occurred. A comprehensive policy clearly stating the BC Chamber’s position on the need to level the playing field for liquor retailing in the province was endorsed by the BC Chamber in 2011 and then reintroduced and endorsed three years later. Over that timeframe the Province has acted on many of the issues identified but the specific issue of allowing private business to purchase and warehouse liquor at wholesale prices directly from producers in equal retail competition with GLS locations has not been adopted nor was that specific policy issue renewed in 2014.

Background

The Province holds a monopoly on the distribution, warehousing and price of liquor sales in the province. The Liquor Distribution Act (“the Act”) gives the LDB the sole right to buy alcohol, either imported or produced in BC and the sole right to distribute that alcohol within the province.² The LDB is responsible for retail sales from all Government Liquor Stores (GLS), and for sales to private liquor stores, restaurants

1 2002 BC Government news release <http://www2.news.gov.bc.ca/archive2001-2005/2002CSE0054-000575.htm>

2 Liquor Distribution Act: http://bclaws.ca/EPLibraries/bclaws_new/document?ID/freeside/00_96268_01

and bars, however some licensees must still buy alcohol from a GLS branch at the retail price³, whereas private liquor stores receive a 16% discount when purchasing from the LDB.⁴ Only the government truly buys wholesale from producers located in BC or abroad.

The current model pits private liquor stores in direct competition, with the LDB being able to out-compete any private liquor store on pricing. Private stores are able to compete on hours of operation and refrigerated products but the playing field is far from level, particularly on price and selection.

The LDB's 2016/17 – 2018/19 Service Plan does note that the 2013 Liquor Policy Review undertaken by the Province and the resulting recommendations instigated a significant transformation in the marketplace – and that transformation is expected to continue.

The role the LDB plays is an important one but not with respect to its virtual monopoly in wholesale distribution of liquor. The liquor industry in BC is disadvantaged by the government having the sole right to dictate pricing in this area. The growth of the industry, and its ability to create jobs and contribute to the provincial economy, would see a significant increase if private sector outlets were allowed true price parity and competition. If private business sectors could purchase wholesale liquor at wholesale prices, competition and not government policy would dictate the price and qualities sold.

Additionally, removing the single government distribution and warehousing system would create a more nimble responsive system that could support industry growth in line with demand. Consumers and the private sector would both win, and government revenue would be protected and costs significantly reduced. Specifically, it is anticipated that if changes took place to allow the private sector to be on equal footing with government on this aspect of service delivery, government revenue would not be impacted as taxes collected from the sale of alcohol still flows to the government no matter who is distributing the product. Private liquor stores and their customers would have greater choice and easier access to products because private sector operations can choose their own hours of operation and have greater flexibility in managing overhead.

THE CHAMBER RECOMMENDS

That the Provincial Government amends the Liquor Distribution Act to allow private businesses to purchase and warehouse liquor at wholesale prices directly from producers, in equal competition with GLS locations.

PROVIDING CERTAINTY FOR BUSINESS THROUGH THE TIMELY ADMINISTRATION OF JUSTICE (2017)

Abstract

A justice system that resolves disputes in a timely and cost-effective manner is a foundation upon which our civil society is based. When legal disputes are allowed to interrupt the lives and business longer than necessary, we all bear the cost. To thrive, business in British Columbia needs a justice system that delivers predictably expeditious resolution of legal matters in accordance with law.

³ The Act, 10(a)

⁴ 2010 BC Financial and Economic Review, <http://www.fin.gov.bc.ca/tbs/F&Ereview10.pdf> (p.94)

Discussion

Businesses in British Columbia wait too long to get justice in our courts. For claims brought in Provincial court – the court of first resort for business disputes under \$25,000 – the wait to get to a trial taking less than two days is 5.7 months¹. In Supreme Court, wait times for a five-day civil trial are on the order of 18 months², and scheduled trials and chambers applications are regularly “bumped” due to overscheduling.³ For a business seeking to collect a debt or get paid for its work, these delays are intolerable.

When businesses cannot get access to the justice system in a timely manner, investment decisions are delayed and frustration builds. Businesses that can resolve their disputes quickly and efficiently can spend their time and resources on growing and creating jobs in British Columbia. The undeniable fact is that reducing court backlogs will help business resolve many civil cases thus getting owners and operators back to growing their business and creating jobs for British Columbians

Three main factors contribute to delays in our court system: self-represented litigants that overburden our court system; inadequate staffing by the Court Services Branch; and a shortage of Provincial Court Judges. To their credit, the provincial government, the courts and others have made a credible commitment to improving efficiency in our justice system. However, these laudable efforts to improve British Columbia’s justice system will not yield a full harvest until these three key sources of court delays are addressed head-on.

Self-represented Litigants and Legal Aid

A major source of delays and backlogs in the court system is the increase in people who do not have the assistance of a lawyer. Cases where one or both parties are not represented by lawyers very frequently take much more court time than cases where both parties have lawyers. A sense of the disproportionate burden that self-represented litigants place on our courts is given by the recent comments of Judge Robert Hamilton, who noted that if legal aid had been available to the parties in a family law trial over which he presided:

“...that trial, I am sure, would have been completed in six days. Instead it’s going to take 22. Sixteen days of court time have been taken away from a lineup that goes...miles down the road... people waiting for court time to get their case before the court. **And it really is not only a tragedy for those three parents, but for the system and all the people waiting to get access to the system.**” (emphasis added)

In the Provincial Court the rate of unrepresented litigants has reached 90-95 per cent in family matters, 90 per cent in other civil matters, and 40 per cent in criminal matters.⁴ The Legal Services Society, who administers legal aid, estimates that over the past four years, 43% of the people who have applied for family legal aid have been denied assistance (approximately 4000 per year). This does not include the thousands of individuals who do not apply for legal aid, knowing already that they do not qualify.

1 British Columbia Provincial Court, Semi-Annual Time to Trial Report, September 30, 2016; [http://www.provincialcourt.bc.ca/downloads/pdf/Time%20to%20Trial%20Update%20\(as%20at%20September%2030%202016\).pdf](http://www.provincialcourt.bc.ca/downloads/pdf/Time%20to%20Trial%20Update%20(as%20at%20September%2030%202016).pdf)

2 British Columbia Supreme Court 2015 Annual report at pg. 3; http://www.courts.gov.bc.ca/supreme_court/about_the_supreme_court/annual_reports/2015_SC_Annual_Report.pdf

3 Ibid. at pg. 3. In 2015 5.8% of scheduled trials and 4.3% of scheduled long chambers applications in Vancouver were bumped; elsewhere in the province, 4.5% of scheduled trials, and 5.5% of scheduled long chambers applications were bumped.

4 4 Sharon Matthews, Briefing Note, “Making the Case for the Economic Value of Legal Aid”, Canadian Bar Association British Columbia Branch at 3, online: Legal Services Society www.lss.bc.ca at 3.

Since all parties in the court system draw from the same resources and pool of judges, these delays affect us all. Businesses hoping to resolve their own leasehold, contract or other disputes have their trials “bumped” because the family law dispute goes much longer than necessary. The costs of a trial being “bumped” are significant; businesses pay their lawyers to prepare for the same case two or more times and witnesses travelling from far distances are told to go home and come back months later. The costs to business from these delays can easily be thousands of dollars. Not surprisingly, data published by several jurisdictions indicates that for every \$1 spent on legal aid, the savings range from \$1.60 to \$30.⁵

The increase in the number of self-represented litigants over the last 20 years is directly correlated to the massive reduction in provincial funding for legal aid. Between 2002 and 2005 government funding to the Legal Services Society – the provider of legal aid – was cut by 40%, resulting in closure of 85% of the legal aid offices throughout BC; and a 75% reduction of staff. Since then, funding for legal aid has never recovered, and a second round of office closures and staff cuts happened in 2009. Adjusted for inflation legal aid funding today is 30% below its 2002 level⁶, and the tariff (allowable hourly rate) for legal aid lawyers in BC is fully one-third less than Ontario’s present legal aid tariff.⁷

The failure to adequately fund legal aid is especially objectionable in view of the fact that the government continues to charge a 7% sales tax on legal services. In 2016, that tax generated more than \$172 million in government revenue⁸, just \$74.6 million was used to fund legal aid⁹. When federal transfers are taken into account, the provincial government is putting more than \$100 million of taxes charged on legal services into general revenue.¹⁰ For a tax that burdened upon BC business for the ostensible purpose of funding legal aid, this diversion of funds is simply “unconscionable”.¹¹

Court Services Branch

The Court Services Branch provides administration, as well as prisoner escort and court security support, to the Court of Appeal, Supreme Court of BC and Provincial Court. Regrettably, chronic staff shortages have made the Court Service Branch a bottleneck in the administration of justice in our province.

Though not news to those familiar with BC’s court system, the shortage of staff in BC courthouses recently made headlines when an accused drug-dealer walked free for want of a sheriff to take him from his holding cell to his court. In staying the charges, Justice Robert Johnston called the situation “completely unacceptable” and blamed it on “a lack of provincial will to provide the necessary resources.”¹² His lordship further commented that “[m]ore and more frequently in this building — and it is a matter of great distress to both myself and my fellow judges — important criminal matters are delayed starting

5 Sharon Matthews, Briefing Note, “Making the Case for the Economic Value of Legal Aid”, Canadian Bar Association British Columbia Branch at 3, online: Legal Services Society www.lss.bc.ca at 6.

6 Legal Services Society, Legal Aid Background and Statistics, March 2016, at pg. 8; <http://www.lss.bc.ca/assets/aboutUs/reports/presentations/2016-04BackgroundAndStatistics.pdf>

7 Ibid. at pg. 9

8 FOI Request - FIN-2017-70041, \$171,923,690.70 collected to the end of November 2016; see http://docs.openinfo.gov.bc.ca/Response_Package_FIN-2017-70041.pdf

9 Legal Services Society 2015/2016 Annual Service Plan Report at pg. 25;

http://www.lss.bc.ca/assets/aboutUs/reports/annualReports/annualServicePlanReport_2015.pdf

10 <http://mtplaw.com/legal-aid-funds-diverted-by-bc-government/>

11 The Case for Replacing the 2002 Legal Services Society Act Part II: A Call to Action [article] Advocate (Vancouver Bar Association), Vol. 74, Issue 4 (July 2016), pp. 529-538

Rowles, M. Anne; Bildfell, Connor

12 <http://www.theprovince.com/news/local+news/accused+drug+dealer+walks+free+lack+sheriff/12944460/story.html>

because of a lack of staff like sheriffs and clerks.”¹³

Counsel for the accused in that case, defence lawyer Michael Munro, expressed similar sentiments, stating that “the court system has ground to a halt because we don’t have a sheriff who can walk your client from court cells into a courtroom. ... It’s absolutely ridiculous and infuriating.”¹⁴

The evidence of the critical underfunding of court services in British Columbia is not just anecdotal. In a 2011 address, Chief Justice Bauman (then of the Supreme Court, now of British Columbia) delivered a pointed summary of how deep cuts to court administration funding have directly affect court staffing and services. Among other things, his lordship noted that:

- In some registries, the impact of inadequate registry staffing has been delays of up to six months and longer in the processing of court orders.
- As compared to 2008, court staffing in 2011 was reduced by 213 Full-Time-Equivalent positions
- In the spring of 2011, government made the decision to cut some 30 sheriff positions, and the immediate impact was that trials could not proceed when sheriffs were unavailable in the courtroom for a number of criminal trials.

Provincial Court Judges

The BC government is responsible for appointing judges to the Provincial Court of British Columbia. Provincial court judges decide civil disputes, including business disputes, for amounts under \$25,000, as well as the vast majority of criminal and family law disputes in BC

The number of judges on the provincial court bench has been for a full decade 10% lower than it was in 2005.¹⁵ A major issue with appropriately staffing the Provincial Court bench is that unlike Superior Courts across Canada, the Provincial Courts have no fixed judicial complement (i.e. the number of provincial court judges needed in the province). The use of a fixed judicial complement will assist in allowing the judicial system to deal with the delays and backlogs of civil claims and eliminate the current ongoing debate of whether or not more judges are required.

The BC government’s commitment to developing an appropriate methodology for determining the appropriate fixed judicial complement, by March 2014 has not been met. The provincial government must move immediately to appoint the necessary number of judges once the methodology and complement are published.

Conclusion

Civil, criminal and family court cases are all handled by the same court system. Any delay in a criminal or family case slows down all cases especially civil cases involving businesses. Enhancing the Court Service Branch, maintaining an appropriate level of Provincial Court judges and providing adequate funding to legal aid will go a long way to dealing with the delays and backlog, which in the end will support businesses along with the families and communities that depend on those businesses.

¹³ Ibid.

¹⁴ Ibid.

¹⁵ <http://www.provincialcourt.bc.ca/downloads/pdf/Provincial%20Court%20Judge%20Complement.pdf>

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Adopt a methodology for appointing a fixed number of Provincial Court Judges as soon as possible and commit to appointing the required number of judges by no later than January 1, 2018;
2. Continue efforts to determine meaningful performance measures for the civil justice system;
3. Commit to increased, long-term, stable funding for the Court Services Branch;
4. Allocate 100% of all revenues collected from the tax on legal services to funding legal aid funding in British Columbia; and
5. Continue to work with the courts and other justice sector participants to develop efficiencies within the justice system.

That the Federal Government adopts a methodology for appointing a fixed number of Supreme Court Judges in British Columbia as soon as possible and commit to appointing the required number of judges by no later than January 1, 2018.

STRENGTHENING BC's HOP INDUSTRY - AN OPPORTUNITY FOR RENEWAL (2017)

Introduction

BC-grown hops are a re-emerging industry. At one time, BC could claim to be the largest provider of hops to the British Empire. At its peak, there were over 2,000 acres of hops being grown in BC. This industry experienced a shift to the United States when the foreign owners of the remaining 1,300 acres of hop yards in BC consolidated their business to Yakima Washington in 1997. This consolidation was done for economic reasons and resulted in the complete loss of this agricultural product to BC. This crop is now experiencing a resurgence in the province, driven by the craft beer industry.

The purpose of creating the BC Hopped Beer & Cider Program is to ensure that history does not repeat the same industry exit. While the current resurgence in hop growth is being driven by perceived demand from craft brewers, the reality is that, in order for craft brewers to actually switch from readily available imported hops to BC-grown hops in a meaningful way, there needs to be an incentive that helps to offset the costs associated with recipe changes, marketing changes, breaking of existing contracts, or new capacity to brew a BC hopped beer or cider.

Background

Many of the new hop farms being planted at this time in BC are family farms. These family farms can be better maintained if the revenue source that they rely on is securely entrenched with the single client, fermented beverage manufacturers, which are the consumer of the resulting product. Hops are an international commodity, but they have only one buyer: fermented beverage producers. These producers are always highly regulated and taxed. The BC Government is in the best position to create an incentive for BC based fermented beverage producers to use a BC-grown hop product by creating the economic

environment where that product is the smartest choice for the producer.

Producers of alcoholic products distribute those products in BC through the Liquor Distribution Branch (LDB). The LDB charges producers a markup on the wholesale price of the product according to a fixed schedule. In 2013, the Province introduced a new craft distillery policy as an incentive for smaller producers to qualify for a mark-up exemption (reduction) if products used 100% BC agricultural products.

Distilleries had to use traditional spirit making techniques and annual production was limited to 50,000 litres. According to then Agriculture Minister Norm Letnick, “These changes will encourage BC craft distilleries to use local grains and produce, will support BC farmers producing high-quality crops, and are the latest example of the BC government’s efforts to create a business environment that attracts investment and rewards innovation. BC is internationally respected for our high-quality wines and beers, and is increasingly being looked at as a place of similar opportunity for craft distillers¹.” In 2012 there were 17 craft distilleries in BC, by 2016 there were 35. The markup exemption played a strong role in this growth.

A similar strategy should be used to create an opportunity for growth in the Hop industry as well as providing a measure of long-term security to this re-emerging crop. Creation of a new BC Hopped Beer and Cider Program would permit qualified brewed or fermented products that utilize 100% BC Grown Hops in a given product to qualify for a 50% mark-up exemption on that product sold to restaurants, bars, private liquor stores and the public.

Further, the LDB should establish the following criteria to qualify for the mark-up exemption:

- a. all applied for product produced by the brewery or cidery must be fermented and brewed at the licensed BC brewery or cidery;
- b. all applicable products must be produced utilizing 100 % BC grown hops. Other ingredients may or may not originate in BC, but any hop used in the production whether in the boil, bottom fermentation, top fermentation, dry hop or other process will be certified by the BC Hop Growers Association as 100% BC grown;
- c. finished product is defined as product that is in a saleable state, subject to federal government excise duty and is in a bottle, keg, or can ready for purchase;
- d. a brewery or cidery must apply to the Liquor Distribution Branch (LDB) for that product to be qualified for the mark-up exemption.

We believe that by diversifying the agricultural products produced by BC we create both greater food security for the province and help drive real GDP growth. This new revenue category for BC Agriculture can also help to build export capacity for the province. Once fully taken up by local breweries and cideries, this program will help to establish production and processing capacity for the BC hop industry. This will ultimately allow the industry to promote international exports of a locally grown product, creating a strong local industry that can continue to drive GDP for generations to come.

This program also helps to support existing Buy BC initiatives, provides direct benefits to rural BC, and continues the government’s support of BC craft breweries and cideries, and most importantly it will help

¹ http://archive.news.gov.bc.ca/releases/news_releases_2009-2013/2013EMNG0026-000222.htm

preserve family farms across BC

THE CHAMBER RECOMMENDS

That the Provincial Government creates a BC Hopped Beer and Cider Program that permits qualified brewed or fermented products that utilize 100% BC Grown Hops in a given product to qualify for a 50% mark-up exemption on that product sold to restaurants, bars, private liquor stores and the public.

INTEGRATING ROBOTICS AND AUTOMATION INTO THE REGULAR BC SCHOOL CURRICULUM (2017)

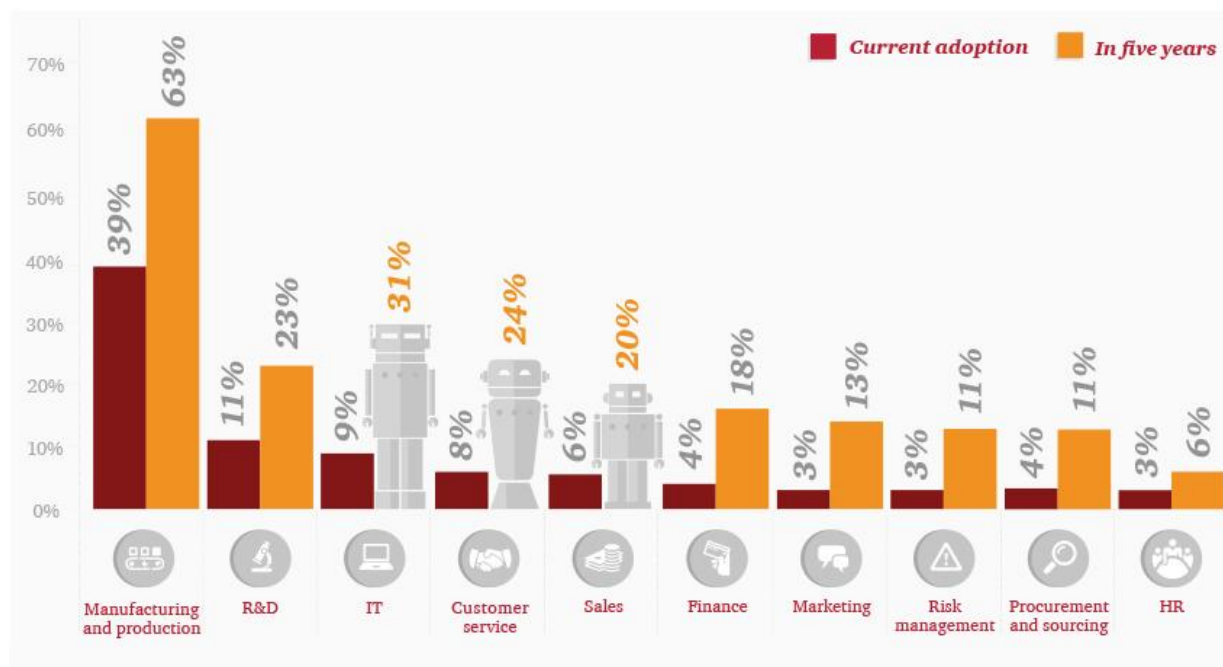
Preamble

The job sector is rapidly evolving with technological solutions changing the way we work and increasing productivity. These innovations, including industrial robots, 3D printing, and other distributed and automated manufacturing technologies, are transforming our economy before our eyes. The key to staying engaged with and relevant in this present and future economic reality will be highly skilled technological workers with deep backgrounds in mechanics, computer coding, mechatronics and critical thinking/ problem solving. A workforce empowered with these skills will be necessary for BC businesses to stay competitive in the evolving economy.

Business Issue

A recent study has shown that over the next 20 years, almost 42 per cent of the Canadian labour force is at a high risk of being affected by automation.¹ However, this same study, using the Canadian Occupational Projection System (COPS), also found that the occupations with the lowest risk of being impacted by automation are projected to produce nearly 712,000 net new jobs in Canada by 2024. While this will create room for the unemployed, it is important to understand what sectors these jobs will be in, and the type of skills and education the workforce will need to fill these jobs.

Role of robotics in IT, customer service and sales to grow significantly



2

Occupations that will be the most impacted from the growing trend of automation include trades, transportation and equipment operations, natural resources and agriculture, sales and services,

¹ "The Talented Mr. Robot – The impact of automation on Canada's workforce", June 2016, Brookfield Institute for innovation and entrepreneurship.

² "The new hire: How a new generation of robots is transforming manufacturing", Price Waterhouse Coopers, September 2014.

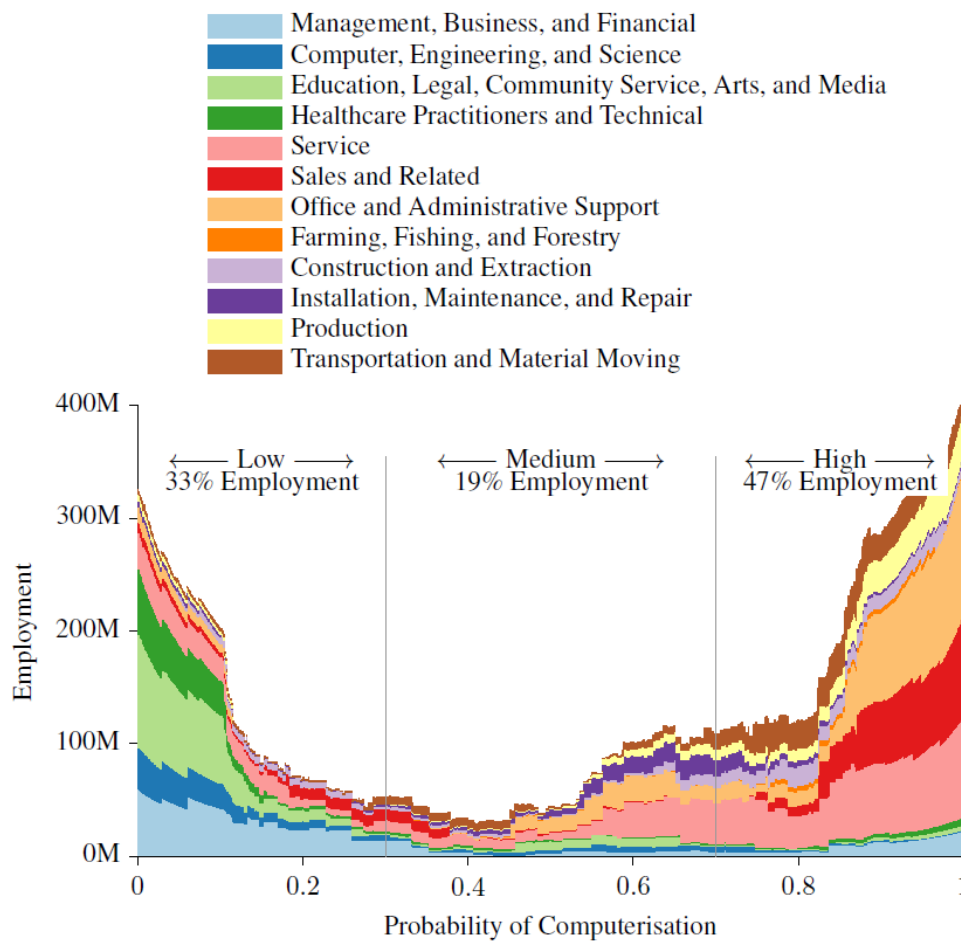
EDUCATION

manufacturing and utilities, office support and general administration, and to a lesser degree technical occupations in health, natural, and applied sciences.

Occupations that are the least impacted, and show potential for growth as automation increases, include the arts and culture sector, recreation and sport management, and professional occupations including education, law, health, nursing, applied sciences and natural sciences.

“The occupations least at risk appear to rely on humans’ cognitive advantage over technology and require more job-specific skills, complex problem solving, as well as people management and oversight.”³

Furthermore, “...the tasks computers are able to perform ultimately depend upon the ability of a programmer to write a set of procedures or rules that appropriately direct the technology in each possible contingency.”⁴



5

³ “The Talented Mr. Robot...” - page 12.

⁴ “The Future of Employment: How Susceptible are Jobs to Computerization”, Carl Benedikt Frey and Michael A. Osborne, September 17, 2013.

⁵ “The Future of Employment: How Susceptible are Jobs to Computerization”, Carl Benedikt Frey and Michael A. Osborne, September 17, 2013, page 37.

In order to shift the economy to the evolving reality of automation, the education system has to adapt and provide the necessary skills and knowledge to students at all levels.

The best hope for workers entering this increasingly automated and computerized economy is an education system designed for the jobs and skills that will be required. If we consider that computers and robots will be able to perform a significant amount of what we view as knowledge work, the education system will have to reduce the current emphasis on knowledge transfer, and pivot to building students' capacity for coming up with original ideas.

This past summer, the Roosevelt Institute published a paper that called for a remodeling of elementary and secondary education to teach creativity instead of "routine cognitive skills."⁶

A new literacy is going to be required to flourish in the emerging automated and computerized economy including studies from other parts of the curricular spectrum. To quote Joseph E. Aoun, president of Northeastern University: "That literacy includes quantitative skills as well as humanities such as art and design. It broadens students' viewpoints; pushes them to make connections, and helps them contemplate the deeper truths of human existence. Above all, it encourages exploration; hence creativity. Creativity doesn't arise according to a rational sequence of steps. It strikes as the mind sifts through a wide range of concepts and experiences.

Education is most powerful when it integrates classroom work with the world. To that end, experiential learning is another invaluable means to acquire robot-proof skills. Long-term internships impart independence, problem-solving skills, and teamwork. Original research trains students to redefine problems and generate ideas. Entrepreneurship provides students with opportunities to develop business plans and enact them. And through experiencing the world, students learn a broader, more empathetic way of thinking.

Robotics classes provide just such applications of creativity, problem solving, and team work. Robotics deals with the design, construction, operation, structural disposition, manufacture and application of robots and computer systems for their control. Today, robotics is a rapidly growing field with great career prospects. Many robots now do jobs that are hazardous to people such as defusing bombs, exploring shipwrecks, and mines. Robotics programs teach students how to develop and construct robotic devices for a variety of commercial, manufacturing and security purposes."⁷

Beyond robotics, the same skills will be required in the ever-changing market place. As the studies reviewed point out, creative and social skills will be key to workers staying employed.⁸ Currently in BC, robotics is taught in an ad hoc fashion with no official curriculum. Educators have found some avenues for ensuring that their students receive course credits for some of their work, but there is a large gap to fill.

6 "Creative Schools for a Thriving Economy", The Roosevelt Institute, Roisin Ellison and Joe Hallgarten, July 6, 2015.

7 "Robot-proof: How Colleges can keep People Relevant in the Workplace", The Chronicle of Higher Education, Joseph E. Aoun, January 27, 2016, <http://www.chronicle.com/article/Robot-Proof-How-Colleges-Can/235057>

8 "The Future of Employment: How Susceptible are Jobs to Computerization", Carl Benedikt Frey and Michael A. Osborne, September 17, 2013 – from the conclusion.

Despite no formal incorporation into the BC education system, robotics teams at all levels from BC have been competitive on the world stage. This year (2017), there are eight BC robotics teams competing at the World Robotics High School Competition in Louisville, Kentucky.⁹

The integration of robotics into the education system should begin with it being included as a component of regular science classes at the elementary level. Robotics would be easy to introduce using the Lego MindStorms system, and with the already self-started programs across the province, implementation of this change would come with minimal costs. At the secondary level, more intense robotics classes should be offered as elective courses, with similar status and funding to how chemistry, biology, physics and advanced mathematics electives are offered currently. This would be in line with the programs at post-secondary institutes where diploma and degree programs in robotics are now offered (i.e. BCIT has a full-time mechatronics and robotics diploma program).¹⁰

At the post-secondary level, there are still more opportunities for further robotics programmes. While UBC and UVIC both offer certain courses and have dedicated laboratory space, full degree programmes could be developed.^{11,12}

The economy and work is transforming. Signs are visible everywhere including automated check-outs, e-commerce, and highly automated fast-food restaurants. For BC businesses to stay competitive in this new reality, education is more crucial than ever.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Through the Ministries of Education and Advanced Education, review current robotics programs and develop related curriculum;
2. Increase and maintain education funding for automation, information studies, robotics, mechatronics, and related subjects for public schools to ensure the BC economy remains competitive in an ever-changing technological economic environment; and
3. Work with post-secondary institutions across the province to add new or expand existing robotics programs.

⁹ "Robotics skills teach collaboration and communication", BC Gov News – Education - <https://news.gov.bc.ca/releases/2016EDUC0060-001119>

¹⁰ BCIT Website: <http://www.bcit.ca/study/programs/7340dipl>

¹¹ UBC Website - <https://www.ece.ubc.ca/research/robotics-and-control>

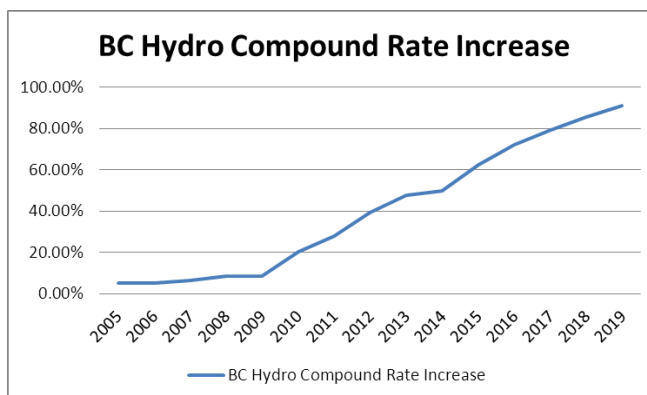
¹² UVIC Website - <http://web.uvic.ca/calendar2016-05/CDs/MECH/430.html>

CAPTURING THE BENEFITS OF ELECTRICITY CONSERVATION AND EFFICIENCY AND MANAGING BC HYDRO'S LOAD RESOURCE BALANCE (2017)

Issue

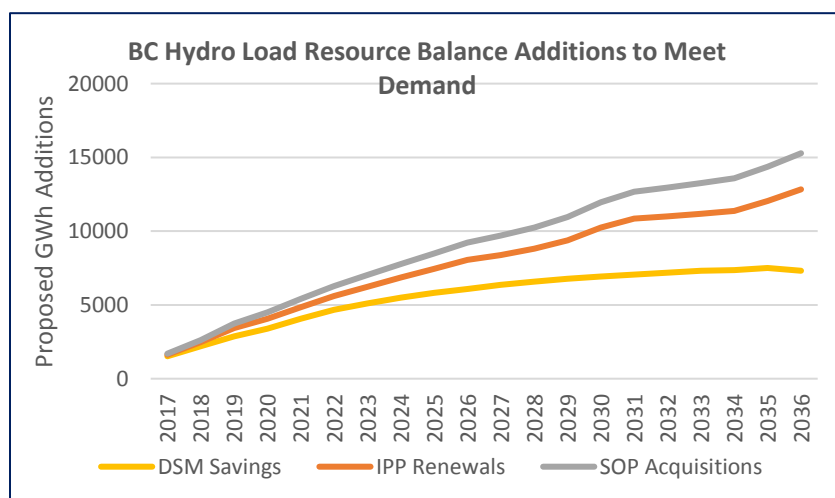
BC industry, businesses and commercial organizations are responsible for two-thirds of the electricity use in BC and pay, through their electricity rates, 58% of BC Hydro's revenue requirements. The cost of electricity is a key component of business expenditures and critical to a number of BC's export-oriented enterprises.

In the 15-year period starting 2005 and ending 2019, BC Hydro has required rate increases totaling over 90% on a compound basis.¹ In BC Hydro's revenue requirement application, BC Hydro has identified costs just short of a billion dollars that are expected to be recovered by the BC government's capped rate increases. If these costs, which have to be approved by the BC Utilities Commission, aren't covered, they would be collected in future rate increases.



BC Hydro's Load Resource Balance indicates that for 2017 it has a surplus of approximately 5,000 GWh. This represents energy acquired in prior years including energy savings from DSM (estimated at about \$30/MWh) and energy from BC Hydro's 2009 Call IPPs (estimated at \$111/MWh based on prices from Clean Power Call). This energy was acquired at an average cost of \$70/MWh, and, when held in surplus under average water conditions must be sold for electricity market prices, which BC Hydro forecasts to be approximately \$36/MWh.²

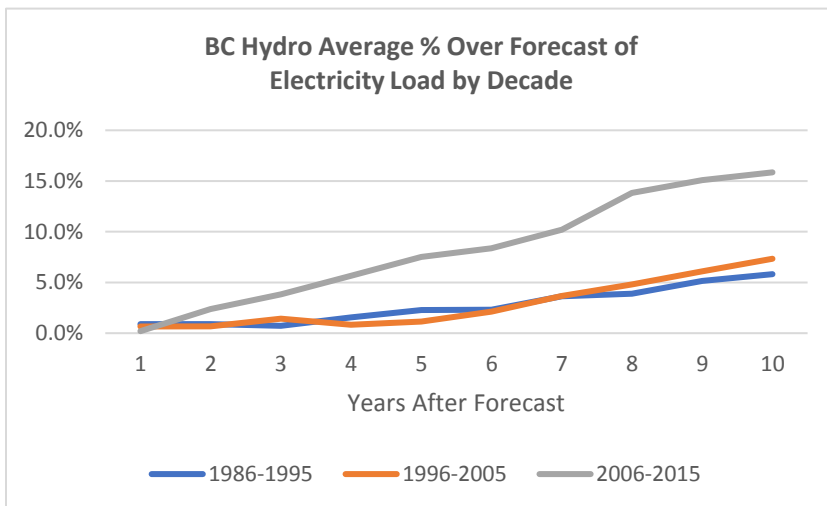
BC Hydro's Integrated Resource Plan for 2013 and BC Hydro's Application for Revenue Requirements show that BC Hydro is planning to continue sourcing energy from renewal of Independent Power Producer Energy Purchase Agreements (EPAs) and from BC Hydro's Standing Offer Program (SOP) which is currently undergoing a pricing review.



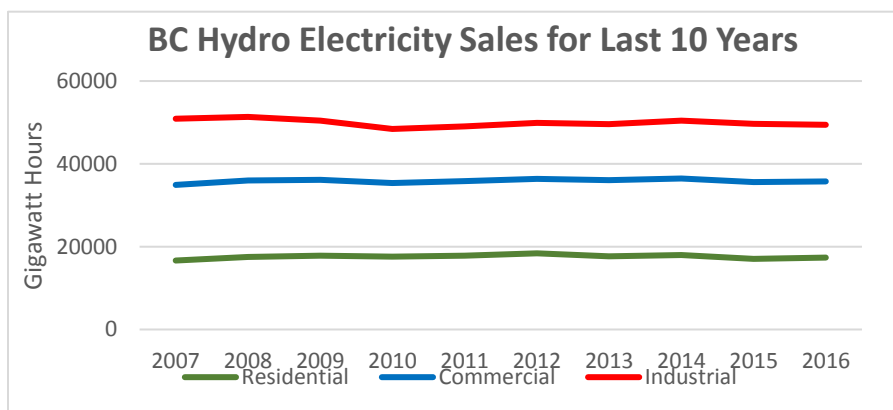
¹ BC Hydro 2017-2019 RRA Technical Briefing Deck, Slide 21

² BC Hydro 2017-2019 RRA

The graph to the right shows the level of uncertainty in forecasting for each year after the forecast up to 10 years following the forecast and is based on BC Hydro supplied information.³ For each of those 10 years, BC Hydro’s forecasts have over-forecast customer demand. The level of over-forecasting over the last 10-year period was exacerbated by the recession in 2008 and paper mill attrition between F2006 and F2010. Over 50 years the lowest level of over-forecasting by BC Hydro has been approximately 0.6% per year. Over forecast by 1.5% per year is equivalent to a 100% over estimate of the demand growth per year. The minimum level of over-forecasting is equivalent to about a 40% over estimate of demand growth.



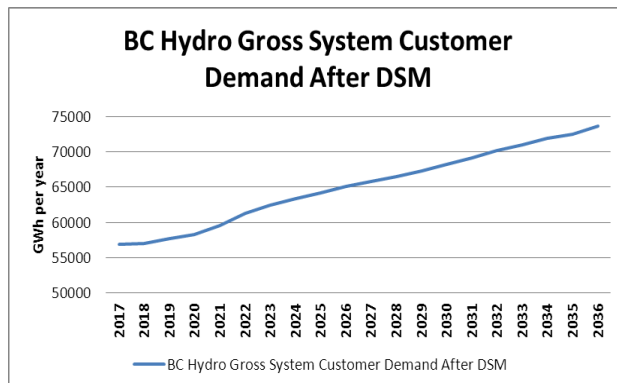
Over the last 10 years, BC Hydro has had virtually zero growth in customer demand, though it should be kept in mind that this timeframe does include a major economic recession in 2008. As of 2007, though, the use per account statistic for BC Hydro residential customers turned from growth to decline for both the residential customers



and the commercial customers. If declines continue and over-forecasting of demand also continues, BC Hydro could have substantial surpluses of energy for over 20 years under BC Hydro’s current load resource balance planning.

BC Hydro is now forecasting gross system customer demand after DSM growth of nearly 30% over the next 20 years.⁴

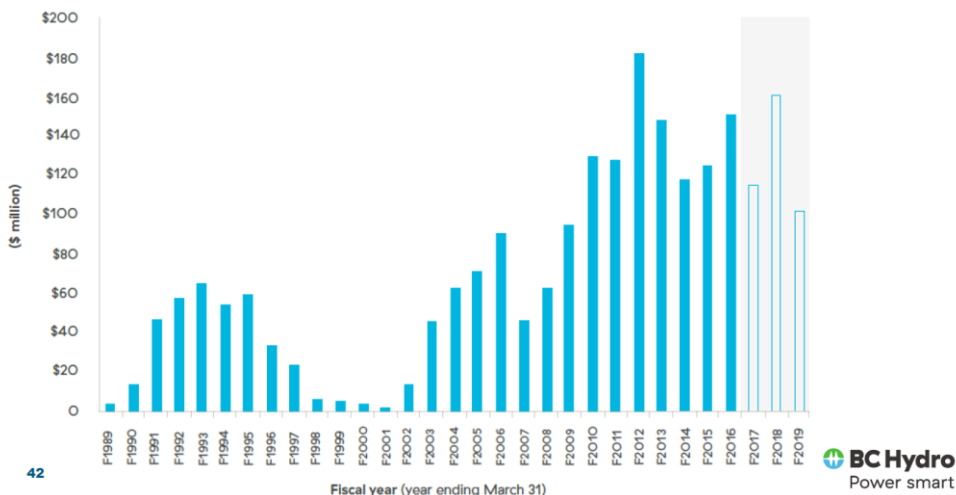
If this forecast increase does not occur there could be rate increases for BC Hydro’s customers as a consequence. The reason would be that revenues anticipated from the sale of the electricity acquired to service the demand growth would not be realized and BC Hydro would fall short of its revenue requirements and need additional rate increases. Over-forecasting can again result in over-acquisition of energy resources at unnecessary expense.



Causes

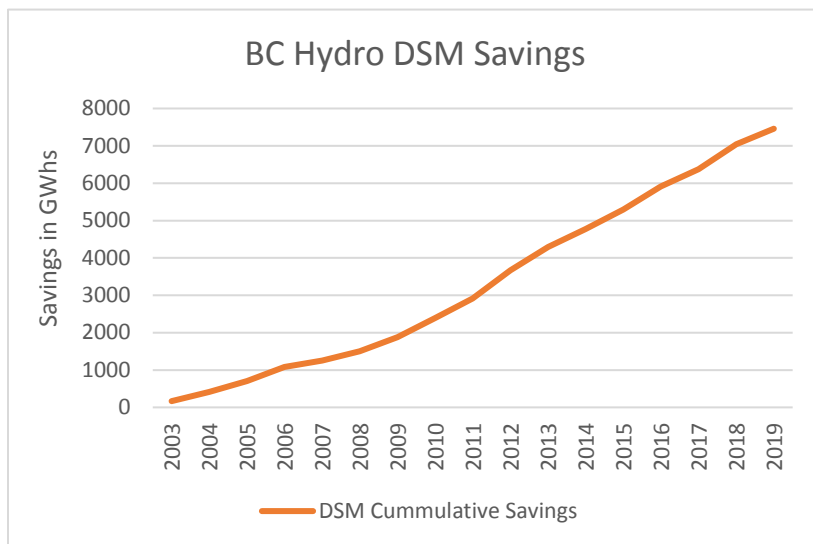
Increased conservation and efficiency have been significant public objectives over the last 20 years. Several policies, programs, rates and codes have been established to promote these goals and have been applied at some significant expense to ratepayers. These Demand Side Management (DSM) activities have been highly effective in stabilizing overall electricity demand despite a growing population (about 200,000 residential additions in the last 10 years have been absorbed, without significant increases in electricity demand) and can be expected to continue. The resulting DSM savings from investment in conservation and efficiency have been very effective in reducing growth of energy requirements.

Conservation investment 1989 to 2019



4 BC Hydro 2017-2018 RRA updated load resource balance

Unfortunately, BC Hydro has not been as effective in capturing the benefits of the conservation and efficiency investments. The DSM programs, rate designs and codes and standards measures taken by BC Hydro have resulted in significant savings or savings estimates over the 16-year period 2003 to 2019. The savings have amounted cumulatively to over 6000 GWh, which has been sufficient since 2007 to offset the BC Hydro load growth. DSM savings success is likely one of the major reasons for the dampening of the BC Hydro customer demand.



The DSM savings are achieved at very low costs to the BC Hydro rate payers. In fact, the average cost of the DSM is so low (\$22/MWh) that BC Hydro can acquire as much as it can develop and even if BC Hydro is in surplus it can sell the DSM savings for a net gain benefit for its rate payers.

	F2012	F2013	F2014	F2015	F2016	5 year Total
Approved ¹	\$189.5m	\$202.8m	\$154.5m	\$150.7m	\$150.6m	\$848.1m
Spent	\$175.3m	\$150.1m	\$120.3m	\$124.8m	\$145.2m	\$715.7m
Spent as a % of Approved	93%	74%	78%	83%	96%	84%
Actual Energy Savings	1,123GWh	931GWh	686GWh	444GWh	872GWh	4,056GWh
Forecast Energy Savings (988GWh	1,129GWh	778GWh	578GWh	993GWh	4,466GWh
Actual as a % of Forecast	114%	82%	88%	77%	88%	91%
Net Levelized Cost (\$/MWh)						
TRC/mTRC	-\$6/na	\$12/-12	\$6/-15	\$18/-5	\$12/-8	
UCT	\$4	\$1	-\$2	\$5	-\$1	
Ratepayer Impact Measure (RIM) ²	\$100	\$89	\$92	\$90	\$84	

Note 1: Approved value is based on the DSM Plan presented in BC Hydro's Fiscal 2015 to Fiscal 2016 Revenue Requirements Rate Application.

Note 2: Subsection 4(6) of the Demand-Side Measures Regulation indicates that the British Columbia Utilities Commission cannot determine that a demand-side measure is not cost-effective on the basis of the results of a Ratepayer Impact Measure Test. BC Hydro does not rely on the ratepayer impact measure test to assess the cost-effectiveness of its demand-side management.

Additionally, conservation and efficiency movements in North America have also been successful in creating background conservation in the development of new efficient technologies and the stimulation of new attitudes and behaviours.

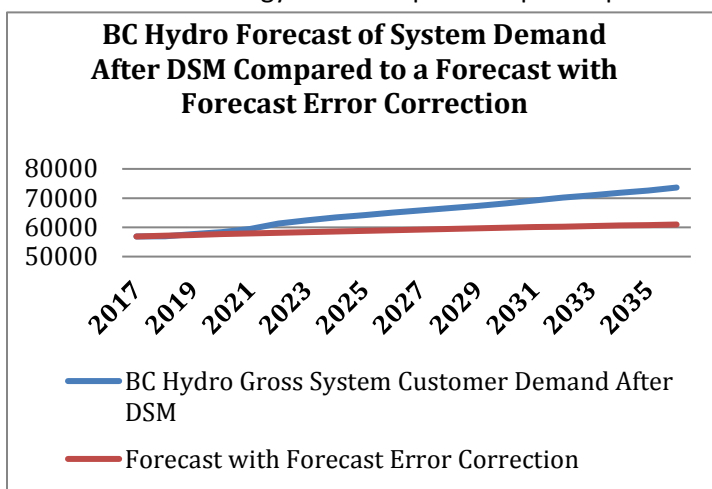
The conservation and efficiency savings have been furthered by increasing electricity energy rates over the period 2007 to 2019. BC Hydro forecasts a -.5% elasticity response to rate increases. However, there is no certainty that this is correct. It is quite possible that the cumulative effect of rate increases has been greater than elasticity estimates and contributed to dampening the customer demand for electricity.

Finally, normal downturns of business cycles have served to suppress increased demand over time. The 2007 financial crisis related to the U.S. subprime mortgage collapse contributed to dampening the

demand and housing starts for a few years, though BC Hydro annual reports has shown residential account growth has more than recovered from the recession.

Capturing the Benefit

Implementation of the DSM measures has resulted in demand flattening for the last 10-year. However, at the same time, BC Hydro was acquiring significant blocks of energy from independent power producers. This energy was acquired at approximately \$124/MWh and is now largely surplus to BC Hydro’s needs and must be sold in the electricity markets for about \$36/MWh. The benefits of the DSM savings have not been fully captured by delaying the purchase of new energy supply.



Recognition of BC Hydro’s historical load stability or flat demand and planning for continued load stability into the future through ongoing Demand Side Management activities can create significant economic and environmental benefits by reducing or eliminating the need to purchase new energy supplies that are otherwise forecast as being required. BC Hydro is forecasting a 29% increase in system demand over this period. A forecast with the forecast error corrected would result in a customer demand requirement of approximately a 7% increase over the same period.⁵ The likely actual result may be between these.

DSM can reduce load very cost effectively. DSM is estimated to cost the utility in the order of \$22 per MWh, which compares to the cost of new clean energy of approximately \$85/MWh. Maximizing DSM could potentially enable BC Hydro to sell energy on the market at a profit.

Currently under BCUC review, BC Hydro is planning to reduce its DSM expenditures from those originally planned in its Integrated Resource Plan, and continuing to add new standing offer energy purchase contracts. Alternative policy options could result in significant savings to ratepayers.

THE CHAMBER RECOMMENDS

That the Provincial Government work with BC Hydro and the BC Utilities Commission to review over-forecasting for the last 10 years and determine what changes, if any, should be made to implement more accurate forecasting and what energy acquisition policies and demand side management investments would be optimal for BC Hydro going forward.

⁵ Commercial Energy Consumers – Forecast if the current over forecasting continues.

THE IMPORTANCE OF EXPANDED OIL PIPELINE INFRASTRUCTURE TO THE ECONOMY (2017)

Issue

Energy and its related products are a significant part of British Columbia's and Canada's annual exports. Along with metals and mineral products, they represent the single largest positive annual contribution to Canada's balance of trade.

In BC, energy commodities generate direct and indirect wealth through production and export of oil, natural gas and electricity. These commodities already support tens of thousands of jobs in BC. There is still an unprecedented opportunity for them to play an even greater role in the economy, to the benefit of both British Columbians and all Canadians.

Through development of expanded pipeline infrastructure, such as Trans Mountain Expansion Project (TMEP), our oil resources can create exceptional opportunities for BC's small and medium-sized enterprises (SMEs), serve as an important source of near-term and long-term job creation and generate lasting benefit for the province, municipal governments and their communities.

TMEP's benefits include thousands of short and long-term jobs, economic activity and tax revenue to support communities and government programs.

Background

Trans Mountain proposed, in a December 2013 Application to the National Energy Board (NEB), to expand its existing pipeline system, increasing daily capacity from 300,000 barrels to 890,000 barrels.

Following a 29-month review, the NEB, on May 29, 2016, concluded that the TMEP is in the Canadian public interest and recommended that the Federal Governor in Council approve the expansion. The NEB attached 157 conditions which address issues such as public safety, economic benefits, local job creation, emergency preparedness and emergency response, Aboriginal interests, environmental protection and safety along both the pipeline right-of-way and the marine tanker transport route. The NEB's review was rigorous, involving a record 404 intervenors and more than 1,200 commenters.

On November 29, 2016, the Government of Canada accepted the NEB recommendation, noting that Canada needed to expand the markets for its oil products and saying that the Trans Mountain Expansion Project "will make that possible."

On January 11, 2017, the Province of British Columbia announced that the Project had received its environmental certificate from the BC's Environmental Assessment Office subject to 37 Conditions. The Province stated that TMEP met its Requirements for British Columbia to Consider Support for Heavy Oil Pipelines, known as BC's Five Conditions.

It's clear that our oil pipeline infrastructure has national economic significance. Canada's primary energy transmission pipeline system is approximately 115,000 km in length, and the total pipeline network is approximately 840,000 km, including regional gathering, feeder and distribution lines. By comparison, there are 38,000 km of primary highway transportation linkages across the country.

This infrastructure is critical to both the BC and Canadian economy, with the ability to transform Canadian

ENERGY, MINES AND PETROLEUM RESOURCES

oil producers from price takers to price makers in international markets. In 2013, the Canadian Chamber of Commerce produced a study highlighting the fact that, due to the lack of infrastructure to markets other than the U.S., Canadian producers must sell their products at a discounted price, which can cost our economy up to \$50 million a day.¹ This price differential, which takes away potential tax revenues that could be used to provide services for the people of Canada, should be a concern for everyone.

The \$7.4 billion Trans Mountain Expansion Project is a key to unlocking that wealth. Through the expanded pipeline, oil producers gain increased access to tidewater and see their product transported to new markets that would pay world rather than North American domestic prices.² Despite a fallback in oil prices, the NEB estimates oil sands output will double by 2040 — and compensate for a long-term decline in conventional oil production. This demonstrates the ongoing need for the Project — producers need a safe, reliable and cost-effective way to get this oil to market, and a pipeline is the best option to support this growth.

Economic benefits generated during construction and 20 years of operations from the Trans Mountain Expansion Project include:

- \$46.7 billion in provincial/federal taxes including \$5.7 billion to BC
- \$23 billion of GDP effects for BC

The Project creates 800,000 person-years of work for Canadians from project development and operations.

Project development will generate \$3.3 billion in labour income across Canada. Approximately 58 per cent (or \$1.9 billion of labour income) will be generated in BC. The project will generate large demands for goods, services and workers, with an emphasis on local hiring, procurement, and sourcing.

The Chamber anticipates that there will be opportunities for regional-based employment during construction, as well as associated increases in labour income. Key factors to consider include development of an awareness program around pipeline jobs, working with business, industry, community, education, and training organizations.

Aboriginal residents stand to benefit from consideration for hiring and the initiation of an Aboriginal employment and training program to increase access to Aboriginal employment opportunities to meet the demands of projects such as Trans Mountain.

The proposed expanded operations are anticipated to create 50 direct new full-time permanent positions in BC, which, when added to existing Trans Mountain pipeline system jobs, create a total of 342 direct jobs per year or 6,840 employment years over the first 20 years of operation of the expanded pipeline.

In addition to direct construction work for British Columbians, there are indirect or supply chain job opportunities. These include:

- Rail transportation

¹ Canadian Chamber of Commerce, *\$50 Million a Day*, http://www.chamber.ca/media/blog/130917-50-Million-a-Day/1309_50_Million_a_Day.pdf

² Referenced by Kinder Morgan Canada

- Equipment rental and leasing
- Truck transportation
- Steel products
- Transportation support activities
- Computer services
- Engineering
- Machinery and equipment wholesalers

The Trans Mountain Project creates 189,000 person-years of work in BC through construction and 20 years of operations. Excluding construction, TMEP supports about 7,600 jobs per year. This includes jobs created when oil producers reinvest the additional oil revenue they earn as a result of access to world markets. In the Lower Mainland, job creation includes almost 1,100 full-time marine sector jobs as a result of the increase from one tanker call per week at Westridge Marine Terminal to one per day.

Local governments in BC along the Trans Mountain right-of-way will annually receive an additional \$23.2 million in property tax payments. Those payments can support community services such as police and fire protection, recreation and infrastructure, and can also be used to reduce the size of property tax increases. Additional payments projected include:

- \$6.22 million to Burnaby
- \$1.304 million to Abbotsford
- \$1.278 million to Kamloops
- \$944,000 to Chilliwack
- \$594,000 to Hope
- \$513,000 to Clearwater
- \$441,000 to Surrey
- \$243,000 to Coquitlam

The Thompson-Nicola Regional District would receive an additional \$7.484 million annually, followed by the Regional District of Fraser-Fort George (up \$1.858 million) and the Fraser Valley Regional District (up \$1.273 million).

The Trans Mountain Expansion Project is important and timely. The economic benefits are substantial and will be available to fund core government projects and services including health care, education, roads and infrastructure, as well as support local economic activity in municipalities and Aboriginal communities along the route. Operators of small and medium businesses can expect to benefit from the economic expansion the Project creates.

THE CHAMBER RECOMMENDS

That the Provincial Government, working with the Federal Government and the Government of Alberta,

1. Support the Trans Mountain Expansion Project so it can meet its commitments to delivering jobs and economic benefits as well as its regulatory requirements during the construction and operation of the pipeline; and

2. Work with local chambers of commerce and other organization to maximize local procurement and job creation during the construction and operations of all major projects, including opportunities for First Nations participation.

A NEW APPROACH FOR THE REMEDIATION OF CONTAMINATED SITES (2017)

Thousands of owners of BC properties suffer from prohibitive regulatory costs, mostly unsubstantiated by evidence of damage to human health or the environment. A cost/benefit analysis could determine whether correcting outcomes should become the trigger for remediation.

The government's intentions are commendable, but at present there is no mechanism to determine whether remediation dollars are effectively spent. Instead, the interpretation of success is primarily based on compliance with regulated soil, water and air standards (or concentrations), rather than achieving outcomes such as reducing health symptoms or restoring ecological systems.

Provincial regulations requiring compliance have increased from a few pages in the early 1990's to thousands of pages today. Do mushrooming regulations based on laboratory studies and hypothetical scenarios provide the correct goals for protection when financial costs are so often prohibitive? For example:

- \$100,000,000 per annum¹ estimated for remediation in the Lower Mainland of BC;
- \$508,000,000 and increasing for Crown liability for contaminated sites²; and
- \$1,000,000,000 estimated for remediation of our inventory of 5,000 brownfield sites.³

Spiralling costs also delay remediation, often indefinitely, resulting in such unintended consequences as:

- Thousands of unmarketable brownfield properties, particularly throughout smaller, northern communities where there is not the economic rigor to absorb the cost of their cleanup;
- Glacially slow remediation of over 1,000 Crown managed properties, chiefly abandoned mine sites;
- Inability to afford remediation of major contaminated industrial properties (e.g. the former pulp mill at Watson Island, Prince Rupert), which continue to pollute the environment.

The question needs to be asked, are our standards too rigorous or arbitrary? Could the metrics used to define pollution withstand critical scrutiny? Apart from a few sites which demonstrate obvious symptoms of environmental contamination, is the evidence of damage or actual risk to human health or the

¹ Estimate based on September 2012 presentation "Contaminated Sites Review" by Dr. John Ward, BC Ministry of Environment which stated about 12,000 sites had been added to Site Registry, and about 4,000 sites had been cleaned up, over the 15 years since 1997 when the Contaminated Sites Regulation came into effect. These data annually represent about 800 new investigations and about 200 new instruments. If one assumes a very modest cost of \$50,000 for investigation leading to Site Registry records, and a similarly modest cost of \$200,000 for an instrument, then annual expenditures of at least \$100,000,000 are indicated (ignoring the annual cost of multi-year projects which continue beyond one year but are not reflected in additional Site Registry updates). These cost estimates assume the majority of sites have relatively minor sources of contamination.

² Published number from the Crown Contaminated Sites Program 2016 Biennial Report, page 2

³ The BC Ministry of Environment Fact Sheet 38 Brownfields and Brownfield Redevelopment states "Although no specific inventory exists today, it is estimated that British Columbia likely has between 4,000 and 6,000 brownfield sites. Using estimates from comparable-scale jurisdictions elsewhere, the number of brownfields in BC could be even higher." \$1,000,000,000 assumes the same foregoing and very modest average cost of \$200,000 for investigation and remediation, which is almost certainly an underestimate, based on consulting experience.

environment sufficiently widespread to warrant the current contaminated sites regime? It appears that the answer may be ‘no’.

Ultimately, a major need exists for a new, realistic approach for the achievement of societal goals for the protection of human health and the environment. This paradigm shift does not require abandonment of progress in identifying potential contaminants, but does require the development of new metrics for identifying when symptoms of contamination warrant remediation.

The legislative foundation for a shift in emphasis from a “standards-based process” to an “outcome-based” regime is already present in underused clauses of the Environmental Management Act which allow consideration of the actual “... *potential for adverse effects on human health or for pollution of the environment* ...” (Sect. 56(a)), and “... *the potential economic benefits, costs and effects of the remediation options* ...” (Sect. 56(c)). Similarly, underused is the opportunity to calibrate environmental risk against occupational risk, and to take advantage of the Contaminated Sites Regulation allowance for a medical health officer to establish remediation targets based on risk and hazard index values (Sect. 18), rather than relying on prescribed guidance.

With the benefit of 20 years of hindsight from 1997, the date of publication of the Contaminated Sites Regulation, a working group should examine the potential economic benefits and costs of the current provincial contaminated sites regime, and utilize a pilot project at a high-profile brownfield location to determine whether an “outcomes-based” approach should replace the current “standards-based” approach.

Societal progress in remediation is limited by a lack of available funding. It would be extremely beneficial to dramatically lower remediation costs, thus rejuvenating brownfield properties while adequately protecting society and the environment.

THE CHAMBER RECOMMENDS

That the Provincial Government reviews its contaminated sites regime to determine whether current regulatory requirements are financially warranted for the protection of human health and the environment.

EXTENDING THE OPERATION OF PROVINCIAL PARK CAMPGROUNDS IN BC (2017)

Introduction

Visitors to BC contribute \$13.9 billion to the Province of BC (2013) and the numbers are increasing. Twenty-five percent of those visitors are utilizing BC Provincial Park Campgrounds.

An aging worldwide demographic is changing the behaviour of visitors, who are choosing to travel to BC earlier in the year and stay later in the season. Climate change is also contributing to a longer recreation season. Extending the annual operating season for BC Provincial Park Campgrounds would contribute new dollars to the BC economy. GDP for the provincial economy as a whole grew 3.1% over 2014. The tourism industry contributed \$7.4 billion of value added to the BC economy, as measured through GDP (in 2007 constant dollars).

This represents 5.6% growth over 2014 and 17.5% growth since 2007.

Background

BC Provincial Park Campgrounds are widely respected amongst locals as well as visitors to our province. Destination BC has rebranded itself including the **WILD** branding. “We are a province shaped by nature. It has nurtured our people, our history, our culture...and our visitors.” Destination BC is doing a good job marketing to those who appreciate all that we have to offer.

Average distance travelled by vehicles in BC (2014) was 1,700 kilometers, with those in RVs travelling substantially further (2,200 kilometers). More than half of the drive market used their own vehicle to travel, while 21% used a rental car, and 13% travelled by RV.

With 24,000 kilometers of paved highways and approximately 60 branded driving routes, there is considerable opportunity for British Columbia to become a destination of choice for the drive market. A big part of that is the outdoors and camping, if we aren't open for business that market will go elsewhere.

Currently there is only one reserveable year-round park, that being Porteau Cove, one open March 24 and closed October 30, and the majority spread between an opening of May 3 and closed first week to mid-September. Having our provincial parks open on average 3 – 4 months for the majority of the province is not supporting the work that many are doing, including Destination BC, to market ourselves as a 4-season province.

Currently, the season is not meeting the needs of a changing demographic, local, and international. The rationale for extending the operational season for campgrounds is outlined below:

- Parks with expanded hours have increased revenues
- In 2015, the tourism industry generated \$15.7 billion in revenue – a 5.3% increase over 2014, and a 37.3% increase from 2005
- A soft Canadian dollar is increasing visitation from the U.S. & European markets
- Aging demographic travels earlier and later in the year
- Increased revenue in retail and service industries
- Approximately 25% of visitors travel for outdoor recreation
- Canadian snowbirds might delay their departure from the province
- Inconsistent operating dates across the province conflicts with Destination BC “WILD” brand
- Park use produces \$17.1 million net revenue – reinvested back in parks infrastructure
- Longer season will result in increased contractor services resulting in increased employment translating to more benefits paid
- Expanding the operation of parks signals a recognition of a 4-season travel province
- Expanded operations would increase the competitive advantage of BC in a highly competitive global tourism industry
- Expanding the operating season should be done with a balance between the benefits and cost recovery for the province

THE CHAMBER RECOMMENDS

That the Provincial Government allows for the expansion of the BC Provincial Park Campground season at minimum from April 15 to October 20 across the province to acknowledge and accommodate the changing behaviour of visitors to BC

MOVING FORWARD WITH THE STRONG BUSINESS CASE FOR A SOUTH OKANAGAN SIMILKAMEEN NATIONAL PARK (2017)

Opening Statement

National parks represent important economic drivers, and this is particularly true for British Columbia. British Columbia has the opportunity to be the beneficiary of Canada's next national park, which has been proposed for South Okanagan-Lower Similkameen (the "Proposed National Park"). This Proposed National Park maintains the continued support of the government of Canada, but to proceed requires support of the government of British Columbia. As support for this national park among stakeholders continues to grow, the provincial government should work with the federal government to ensure that the Proposed National Park serves the economic interests of British Columbians.

Background

Canada's national, provincial, and territorial parks represent a vital conservation of our natural heritage, are a special contributor to our sense of identity and place, and serve crucial ecological purposes. These parks, however, also play an important role in British Columbia's economy. Indeed, national parks have been shown to be substantial and recurring sources of economic stimulus, particularly through tourism.

Beginning in 2003, a joint federal-provincial steering committee began an in-depth assessment of the feasibility of establishing a national park reserve in the South Okanagan-Lower Similkameen. The steering committee's report, *Proposed National Park Reserve for the South Okanagan-Lower Similkameen Feasibility Assessment – Overview of Finding and Outcomes*, which was submitted for ministerial approval in January 2011, confirmed that the proposed national park is feasible and recommended approval of a proposed park reserve boundary at a conceptual level.¹

The Proposed National Park would consist of 280 square kilometres that contain Canada's only pocket desert, are home to fifty-six federally-listed species-at-risk (11% of the listed species in Canada), serve as a major migration stop for birds, and include shrub-grasslands and ponderosa grasslands found in no other Canadian national park. Furthermore, the proposed park boundaries provide the potential for permanent continuation of U.S. wild lands south of the border for a protected area of international significance.

The Business Case

The benefits of the Proposed National Park for British Columbia include:

- increased employment;
- stimulus for land development, business starts and expansions;
- a boost in domestic and international tourism;

¹ http://cpawsbc.org/upload/South_Okanagan-Similkameen_National_Park_Feasibility_Study.pdf

- opportunities for First Nations economic participation; and
- economic diversification.

Published research on the Parks Canada website indicates the potential economic impact of the proposed National Park. In particular, if the proposed National Park met the average economic performance of British Columbia's seven existing national parks, it would support 571 full-time equivalent jobs and would generate annually:

- \$37.1 million in Gross Domestic Product;
- \$25.62 million in annual labour income; and
- \$49 million in visitor spending.²

Importantly, there are essentially no costs to the provincial government moving forward with the proposed National Park, since the Government of Canada alone, through federal taxation, bears the cost of establishing and maintaining national parks.

As with all changes in land use, the proposed National Park could conceivably have adverse impacts on established economic uses of land, including ranch-based agricultural enterprises. However, it is believed that any such impacts can be suitably mitigated with intelligent planning, and will ultimately be outweighed by the tremendous benefits this park will bring.

Beyond the known conservation and recreation benefits, parks are significant economic drivers. Across BC national parks have proven their ability to generate millions of dollars in revenue, create long-term job opportunities and promote visitor spending, as documented in a 2010 report by the Outspan Group (The Economic Value of Parks Canada). Canada's parks contribute \$5 billion to the Canadian economy and create approximately 64,000 jobs.

The diversification of the local economy is expected to attract young families to the area, and will contribute to maintaining the viability of local schools, hotels, and other services. In addition, designating this area as a national park reserve would guarantee public access to the land and associated recreational and health benefits.³

Progress and the Path Forward

Since the steering committee's report was submitted, the federal government has waited for the provincial government to follow the recommendation of the steering committee and take the next step toward bringing the economic benefits of the proposed National Park to British Columbians.

To its credit, the province has moved carefully forward. In August 2015, the province released an intentions paper⁴ that sought public feedback on a land protection framework for the South Okanagan Similkameen. Importantly, a guiding principle of this framework was recognition of existing uses and an explicit commitment that existing tenures would continue under the same terms and conditions and be subject to existing management policies. This provides certainty and due respect for existing business uses within the proposed park area, while opening a path forward to unlock the economic potential of a

² The Outspan Group, Economic Impact of Canada's National Provincial and Territorial Parks in 2009, April 2011; <http://www.parks-parcs.ca/english/cpc/economic.php>

³ Canadian Parks & Wilderness Society, Economic Value of Parks, <http://cpawsbc.org/campaigns/south-okanagan-similkameen>

⁴ <http://www.env.gov.bc.ca/bcparks/planning/pdfs/ip-protected-areas-framework-so.pdf?v=1488260429640>

national park.

After carefully reviewing more than 3,400 submissions, the province released a consultation summary⁵ that confirmed strong support for additional protection in the South Okanagan-Similkameen, including the creation of a new national park reserve. That report identified the next steps as including the Minister of Environment considering the findings of this process and developing a report for Cabinet and continuing engagement with the Okanagan Nations Alliance.

On January 27, 2017, the provincial government announced that planning discussions to achieve the objectives outlined in its proposal to protect lands in the South Okanagan are moving forward with the support and participation of the three Okanagan Nation communities most affected by the proposal. The Province also committed to engaging with the federal government, along with the three Okanagan Nation communities, around the potential for a national park reserve designation in certain identified areas. Crucially, the Province's message identified protection of ranching and existing grazing tenures as a key factor in the ongoing deliberations.

In view of the progress made to date, business should encourage continued strides toward the creation of a new national park in the South Okanagan Similkameen.

THE CHAMBER RECOMMENDS

That the Provincial Government continues its engagement with Parks Canada and the Okanagan Nations Alliance to bring forward a national park in the South Okanagan-Similkameen that respects future business potential uses in proposed park areas and works to achieve an acceptable business position from the types of businesses, particularly ranch-based agriculture, that could be negatively impacted.

SPECIES AT RISK: BOREAL (WOODLAND) CARIBOU (2017)

Issue

Woodland caribou are a threatened species in Canada. By October 2017, each province and territory must meet federal government requirements to develop caribou range plans that restore and protect, over time, 65 percent of their habitat. This will have a significant impact on industries that operate in the ranges, the communities they support and the province's economy. Currently, range plans are evaluated based on ecological or environmental criteria, and do not provide for a socio-economic impact analysis prior to submission to the federal government.

Background

In 2003, woodland caribou were federally listed as a threatened species in the Species at Risk Act (SARA). Under the federal "Recovery Strategy for the Woodland Caribou," all provinces are required to produce range plans that outline how 65 percent of boreal woodland caribou habitat will be restored to undisturbed habitat and maintained undisturbed over time, and how the land and activities within the range will be managed for habitat protection. These provincial range plans are due by October 2017.¹The

⁵ <http://www.env.gov.bc.ca/bcparks/planning/pdfs/consultation-summary-so-ip.pdf?v=1488260429640>

¹ Environment British Columbia first for the Woodland Caribou (*Rangifer Tarandus Caribou*), Boreal Population, in Canada, Update, 2012, doi:10.2307/3796292

range plans are to support a working landscape where species at risk and industrial activity co-exist.²

Range plans developed under the current federal process are evaluated based on ecological or environmental criteria. At this time, there has been no substantive socio-economic analysis conducted concurrent to plan development. Range plans under consideration for submission to the federal government are missing key social and economic considerations about impacts to industry, local municipal governments and to British Columbians' communities and families. Without consideration of these impacts and due to Boreal Caribou habitat in prime forest and oil & gas activity areas, we are faced with the potential for decreased wood supply, increased costs and additional potential mill losses or closures. It's important that range plans are developed through solid science and socioeconomic considerations. Forest resources in the central interior and southern BC are yielding less in annual allowable cuts and quality of fibre. The boreal forests of northern BC are extremely important to a viable forest industry.

In addition, the current process addresses a one-species approach. A multi-species approach – the strategy being taken in Southern Saskatchewan – recognizes that these species do not exist in isolation of one another and, as such, makes for a more practical and efficient path for planning.³ We know that many other factors, particularly predation, impact the Caribou and limiting a study to only habitat related factors will be ineffective.

Recognizing the importance of protecting the Caribou and their range we are confident that through a collaborative approach, working with and drawing on the expertise of a range of stakeholders across the province, we will be able to strike a balance between the protection of critical (extirpated, endangered, and threatened) species, and the viability and sustainability of industry, jobs and communities. At this time, there has been limited consultation without socioeconomic considerations. This is a complex issue and we need to ensure all factors are considered prior to legislation being enacted to prevent unintended consequences to communities, businesses and the economy.

Stakeholders include all those impacted, including, but not limited to: industry, environmental non-governmental organizations (ENGOs), First Nations and Metis, municipal governments and community-based organizations. These stakeholders have valuable information to be considered in planning for preservation of the woodland caribou.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Ensure stakeholder interests are adequately understood and considered, so as to inform the development of a woodland caribou range plan and its implementation;
2. Complete a socio-economic impact assessment and ensure the findings of that study form part of any range management plan, in conjunction with a scientific assessment being conducted; and
3. Implement a multi-species approach for species at risk planning, and specifically the woodland caribou

² <https://auma.ca/advocacy-services/resolutions/resolutions-index/species-risk-and-need-overall-socio-economic-impact-assessment>

³ http://www.sodcap.com/Docs/EnvironmentCanada_MarkWayland_2016.pdf

range planning.

COMPETITIVE TAX ENVIRONMENT FOR CREDIT UNIONS (2017)

Abstract

When the federal government moved in 2013 to eliminate the extended small business tax credit benefit for credit unions, the government of British Columbia showed good sense by not mirroring this harmful change in provincial tax law. Our provincial government has continued to insulate credit unions from the full impact of the federal change in policy. The provincial government should continue to show leadership in this area by shielding credit unions from the federal tax change indefinitely and working to have the federal policy change reversed.

Discussion

In spring of 2013, the federal government announced it would eliminate the extended small business tax benefit for credit unions over the next five years. Since 2006, the Government has introduced a large number of tax measures to support investment, innovation and growth by small businesses, including reducing the small business tax credit. The small business tax credit was reduced to 11 per cent from 12 per cent in 2008.¹ British Columbia provided a similar tax rate for credit unions because they were eligible for the federal reduction. Phasing out the federal reduction meant that the lower BC tax rate would also be removed unless legislative changes were made to protect it.

In its 2014 budget, the BC government decided to retain the small business tax benefit for the province's 43 credit unions until 2016. Budget 2017 has extended this protection for one more year. These were steps in the right direction.^{2,3}

Like banks, credit unions are required to build ever-increasing capital to ensure soundness. But unlike banks, credit unions are member-owned co-operatives and cannot access capital markets. Instead, they must rely on retained earnings for capital, while banks are able to issue stock on capital markets. Increasing taxes on credit unions impedes the ability of credit unions to grow their retained earnings and capital.

Credit unions play an important role in BC communities by providing financial services to businesses and individuals and by supporting local projects.

A 2016 report by the Canadian Federation of Independent Business (CFIB) concluded: "CFIB's latest bank rankings continue to show that credit unions are rated more favourably than conventional banks in providing service to small- and mid-sized enterprises (SMEs) in 2015."⁴ The survey results in this report mirrored those of 2013⁵ and 2009⁶ which all showed credit unions were the preferred lenders and services providers for small businesses across the country. Credit unions ranked high in providing financing, the

1 Canada, Department of Finance, January 31, 2011: <http://www.fin.gc.ca/pub/report-rapport/2011-7/ceap-paec-2a-eng.asp>

2 <http://bcbudget.gov.bc.ca/2017/default.htm>

3 <https://www.pwc.com/ca/en/tax/budgets/2017/pwc-british-columbia-budget-2017-02-en.pdf>

4 CFIB, Battle of the Banks: <http://www.cfib-fcei.ca/cfib-documents/rr3415.pdf>

5 <http://www.vancouversun.com/business/Credit+unions+outperform+banks+servicing+smaller+businesses+survey+says/8421920/story.html>

6 <http://www.cfib-fcei.ca/english/article/1812-banking-on-better-service.html>

level of their fees and the quality of their account managers.

We wish to ensure that BC families and businesses throughout our rural and urban communities can continue to benefit from the competitive financial services offered by our local credit unions. The people and organizations of the community that use the credit union help set its governance, its owners are its customers. Credit unions are currently the only financial institution in more than 40 communities in BC⁷ The geographic reach of credit unions in northern and rural communities is notable.

If the small-business tax benefit is removed permanently, Central 1 Credit Union estimates credit unions will face an annual tax increase of \$20 million. Increased taxes after 2017 will hurt the ability of credit unions to support local economic growth and their ability to support the province's business sector. When credit unions pay higher income taxes, their ability to lend to small businesses, provide service to underserved communities and support local community economic development is reduced.

For all of these reasons, it is critical that the province retain indefinitely the small business tax exemption for credit unions. This will not be a cost to the provincial government because it is currently an unrealized source of tax revenue. In fact, had the federal government not triggered this chain of events, the province would not have had cause to rescind the small business tax from credit unions. We suggest that the cost to the province, if this exemption ends, may be to business and communities who directly benefit from the more than \$17.6 million that BC credit unions provide annually to a wide range of community and economic projects.⁸

Further, we believe retaining the small business tax benefit indefinitely is a positive for elected and bureaucratic levels of government who rely upon credit unions as geographically dispersed, community-based sources of economic development stimulus.

By permanently extending the small business tax credit for credit unions, the government will demonstrate and recognize that credit unions are unique and historically dependent on this tax structure to the benefit of communities. Any opposition to this tax structure could be overlooking the sensitive inter-relationships of member-owned financial institutions that see profits directed to the community for re-distribution.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Extend the British Columbia small business tax benefit permanently;
2. Continue to work with credit unions to meet their needs with regulations and tax regimes that keep them strong and viable; and
3. Work to influence the federal government to restore the federal extended small business tax exemption for credit unions.

7 (1) Central 1, <http://www.central1.com/news/central-1-credit-union-welcomes-bc-government-decision-maintain-tax-benefits-bc-credit-unions>.

8 www.creditunionsarehelpinghere.com

ELIMINATION OF 7% PST ON LEGAL FEES (2017)

In 1992, with the claim that the funds would be utilized to fund legal aid, Finance Minister Glen Clark of the NDP introduced a retail sales tax, now levied pursuant to sections 126 to 127 of the *Provincial Sales Tax Act* of BC (formerly, the *Social Service Tax* of BC), both as amended from time to time (“PST”) at the rate of 7% of the purchase price of any legal services provided in BC or to a BC resident. With the sole exception of legal aid, PST applies to all legal services provided to individuals and businesses.

The 7% cost is paid by the end user client: not the lawyer. PST applies regardless of the practice of law, including legal fees paid for matrimonial matters such as child custody, spousal support, separation, and divorce, personal injury awards, wills and estates, civil litigation, immigration, criminal law, residential and commercial real estate conveyancing, and all business and corporate/commercial matters. In particular, PST on legal fees is a burden to all small businesses in BC who pay for annual corporate maintenance and related transactional matters with no corresponding input tax credit for such business expenses. In the case of family law, poverty law, and criminal law, the 7% additional expense in BC may be a barrier to access to justice for impecunious clients who simply cannot afford their “day in court”.¹

- **Fairness.** PST is charged at the rate of 7% on legal services but not on any other professional services provided to individuals and businesses in BC, including accounting fees, bookkeeping fees, realtor commissions, insurance fees, and consultant or independent contractor fees. Accountants provide some tax services that lawyers also deliver at the rate of 0% PST, while BC’s lawyers must charge 7% PST to clients.²
- **No Input Tax Credit.** Unlike the Goods and Services Tax or Harmonized Sales Tax (“GST/HST”), there is no corresponding input tax credit for the PST paid by clients in respect of legal services for business. As such, clients cannot claim back the cost of PST paid as a legitimate business expense for their enterprises.
- **Competitive Disadvantage.** BC is the only Province in Canada that charges a 7% tax on legal services. Given the expanded mobility rights in Canada that permit lawyers to practice across Provincial borders, the entire legal services industry in BC, including all notary publics, involved in transactional work is at a competitive disadvantage with lawyers and notaries from other Provinces.³ There is a disincentive for clients in Ontario and other GST/HST jurisdictions (or Alberta, that is completely without sales taxes) from retaining BC lawyers or notaries to conduct transactional work in BC if there is no concomitant input tax credit available for the PST paid
 - on legal services. Simply put, BC lawyers and notaries have 7% more cost than other jurisdictions in Canada.

1 Wilson, Tony (2013, April 9). Why PST in BC marks return of a ‘profoundly stupid tax’. *The Globe and Mail*. Retrieved from: <http://www.theglobeandmail.com/report-on-business/small-business/sb-money/why-pst-in-bc-marks-return-of-a-profoundly-stupid-tax/article10854872/>

2 Ibid.

3 Wilson, Tony (2013, April 22). PST Regime puts BC at a disadvantage. *Canadian Lawyer*. Retrieved from: <http://www.canadianlawyermag.com/4625/PST-regime-puts-BC-at-a-disadvantage.html>

- **Only ½ for Legal Aid.** While it was implied that the tax was to fund the laudable goal of access to justice for the impoverished, of the approximately \$12 million a month that the Provincial Government collects from the 7% PST on legal services, only “slightly more than half” is actually spent on legal aid.⁴ In 2009, of the \$144.8 million collected of PST on legal services, only \$80 million was actually allocated to legal aid for disadvantaged British Columbians.⁵

THE CHAMBER RECOMMENDS

That the Provincial Government eliminate the 7% PST on legal services in BC

ENCOURAGING AND SUPPORTING MORE WOMEN ON CORPORATE BOARDS (2017)

Canada continues to lag behind the rest of the developed world in terms of gender diversity in our corporate boardrooms.¹ Some reviews have found as many as 45% of Canada’s publicly-traded companies have no women on their boards and overall representation of women on boards is as low as 12%.² In BC, 50% of the largest publicly-traded companies either have no female directors at all or refuse to reveal that information.³

The predominance of research regarding this issue suggests that companies which have more female board directors perform better, with greater gender diversity on boards being linked to everything from better returns on equity, higher stock prices, and overall better financial returns.⁴ Studies have found board gender diversity to be “empirically associated with higher returns on equity, higher price/book valuations and superior stock price performance,”⁵ and that “companies in the top quartile of gender diversity were 15 percent more likely to have financial returns that were above their national industry median.”⁶ The business case for having women serve on corporate boards is clear and their continued under-representation is likely costing us economically and it should be a priority to find ways of encouraging and supporting more women to sit on boards.

However, while the business case may be clear, most BC and Canadian firms have made little progress in welcoming more women into these positions and there are several policy solutions which could help facilitate this needed change.

The BC government itself is a leader in board diversity as it already achieves a laudable 41% overall level of women on government-appointed boards. The BC government can build on that leadership by taking several courses of action to help BC companies encourage and support more women to sit and serve on

4 Mulgrew, Ian (2014, June 27). Lawyers still rankled over legal services tax. *Vancouver Sun*. Retrieved from: <http://www.vancouversun.com/opinion/columnists/mulgrew+lawyers+still+rankled+over+legal+services/9982589/story.html>

5 Ibid.

1 Catalyst, *Gender Diversity on Boards in Canada*, (Ontario, Canada: Queen’s Printer for Ontario, 2016)

2 CSA Multilateral Staff Notice 58-308, Staff Review of Women on Boards and in Executive Officer Positions -Compliance with NI 58-101 Disclosure of Corporate Governance Practices, (September 28, 2016)

3 The Minerva Foundation for BC Women, *The Face of Leadership – BC Scorecard 2016*, (June 22, 2016)

4 Catalyst, *The Bottom Line: Connecting Corporate Performance and Gender Diversity*, (New York: Catalyst, 2004); Credit Suisse Research Institute, *The CS Gender 3000: Women in Senior Management* (Zurich, Switzerland: Credit Suisse Research Institute, 2014); McKinsey & Company, *Diversity Matters*, (McKinsey & Company, 2014)

5 Credit Suisse Research Institute, *The CS Gender 3000: Women in Senior Management* (Zurich, Switzerland: Credit Suisse Research Institute, 2014);

6 McKinsey & Company, *Diversity Matters*, (McKinsey & Company, 2014)

boards.

Adopting Existing Comply-or-Explain Regulations at the BC Securities Commission

At the end of 2014, the securities regulators in seven provinces and three territories adopted amendments to National Instrument 58-101 *Disclosure of Corporate Governance Practices* that require “reporting non-venture issuers” annually disclose the number and proportion of women occupying board and executive positions, as well as disclose their corporate policies regarding:

- term limits for the directors on its board or other mechanisms of board renewal;
- the identification and nomination of woman directors;
- whether and, if so, how the board or nominating committee considers the level of representation of women on the board in identifying and nominating candidates for election or re-election to the board;
- whether and, if so, how the issuer considers the level of representation of women in executive officer positions when making executive officer appointments; and
- whether the issuer has adopted a target regarding women on the issuer's board and in executive positions.

7

Companies which do not have such policies must explain why they have not been adopted, a regulatory model known as “Comply-or-Explain.”

Comply-or-explain regulations are able to shed light on the issue of gender diversity and encourage behavior change by the business community by forcing discussion and consideration of the issue. One review of the impact of the new comply-or-explain regulations found that more than half of all issuers “have adopted formal policies addressing the representation of women on the board” and that this was “a good example of disclosure rules driving corporate behavior.”⁸

British Columbia was one of three hold-out provinces which did not sign on to these regulation amendments.⁹ On December 31, 2016 the Alberta Securities Commission enacted the regulations in that province following a short consultation process in the fall, leaving BC as a laggard in this important area.

Admittedly, BC is a party to the new *Cooperative Capital Markets Regulatory System* which is already expected to include these diversity disclosure regulations. However, that system is not expected to launch for at least another year, and is facing calls from some for further delay. Instead of waiting, BC can act now to join the rest of Canada in promoting greater gender diversity on boards by implementing the above comply-or-explain regulation amendments.

Requiring the Consideration of Women for Board Vacancies

While comply-or-explain regulations have had some positive impacts and have driven corporate behavior in the right direction, the results have been admittedly limited.

7 A “reporting issuer” means a company whose securities are publicly-traded and has issued securities/stocks/shares. A “non-venture issuer” is a reporting issuer that has its securities listed/quoted on any of the Toronto Stock Exchanges, a US marketplace or any marketplace outside of Canada/US. In Canada, “venture issuers” tend to be junior companies listed instead on the TSX Venture Exchange or the Canadian Stock Exchange.

8 Torys LLP, *Women in the C-Suite: Can Securities Law Advance Gender Equality?* (June 16, 2015)

9 Holdouts included BC, Alberta and PEI

In its September 26, 2016 review of the regulations, the Canadian Securities Administrators found that while “the number of women on boards has increased in all size categories of issuers” the actual improvements were modest with a 1% increase in the number of total board seats occupied by women in 2016 compared to 2015 (to 12%) and a 6% increase in the number of issuers with at least one woman on the board (55%) compared to 2015.¹⁰

One major reason for the lack of women on boards is the recruitment process; male board members and male executives search their often male-dominated networks of compatriots and contacts for potential candidates, thus perpetuating the gender gap. Encouraging companies to actively consider women for board vacancies would see companies to broaden their search, get creative in their recruitment efforts, and go beyond their traditional networks to find candidates.

Requiring targets for women at the consideration and interview stage of the board nomination would ensure that women are being considered fairly while still having the opportunity to demonstrate skill and merit to receive a directorship.

The existing amendments to National Instrument 58-101 *Disclosure of Corporate Governance Practices* include a requirement for disclosure of the representation of women in the director identification and selection process (Item 12 of Form 58-101F1). However, following the comply-or-explain model, this only requires companies to describe whether they have a policy on women representation on the board or explain why they do not have one. It does not mandate such a policy exist nor does it require the policy to have any specific targets or objectives.

BC could implement regulations requiring companies to have a policy regarding the representation of women in the director identification and selection process, and require such policies mandate that at least one qualified woman is fully considered for all board vacancies. Such consideration should be required to be meaningful, conducted in good faith, and include any requisite interview or assessment process. Regulations such as these would have the benefit of forcing a change in mindset in Canada’s boardrooms and would be a catalyst for progressive changes in corporate governance rules and in greater gender diversity outcomes.

Such a requirement could be enforced through the BC Securities Commission on issuers registered with that agency, and could be adopted more broadly by including such regulations in the *Cooperative Capital Markets Regulatory System* which is currently under negotiation by the governments of British Columbia, New Brunswick, Ontario, Prince Edward Island, Saskatchewan, Yukon and Canada.

Implementing Goals for Women on Boards

At the current rate of change, it is estimated to take 75 years to achieve boardroom gender parity in BC.¹¹ If we are to see faster change and overcome the significant headwinds of the status quo, then more aggressive goals for inclusion of women on boards should be considered.

In an effort to more significantly increase the representation of women on corporate boards, many countries have implemented quotas which require a specific percentage or number of board seats be

10 CSA Multilateral Staff Notice 58-308, Staff Review of Women on Boards and in Executive Officer Positions -Compliance with NI 58-101 Disclosure of Corporate Governance Practices, (September 28, 2016)

11 The Minerva Foundation for BC Women, *The Face of Leadership – BC Scorecard 2016*, (June 22, 2016)

filled by women. Imposing quotas, while arguably effective, is a blunt method for encouraging gender diversity.

BC could instead implement goals for businesses which move us towards gender parity on corporate boards. These goals should be developed in consultation with the business community and should be designed to be both realistic but also aggressive enough to result in meaningful change if achieved.

These goals should be made public to encourage not only greater discussion and awareness of the issue of gender diversity, but also to create both peer and public accountability to drive action.

THE CHAMBER RECOMMENDS:

That the Provincial Government builds on its leadership role in gender diversity by:

1. Adopting, via the BC Securities Commission, the “comply-or-explain” amendments to NI 58-101 “Disclosure of Corporate Governance Practices” regarding Gender Diversity and Term Limits;
2. Implement, via the BC Securities Commission, regulations that mandate reporting non-venture issuers to have board recruitment policies that require at least one qualified woman is fully considered for all board vacancies, and advocate for the inclusion of similar regulations in the *Cooperative Capital Markets Regulatory System* currently being instituted. Such consideration should be meaningful, conducted in good faith, and include any requisite interview or assessment process; and
3. Commence a consultation with businesses and other stakeholders on implementing in BC clear goals for women’s inclusion on corporate boards which encourages them towards gender parity.

IMPROVING CAPITAL RAISING EXEMPTIONS FOR BC CO-OPERATIVES (2017)

Make Co-ops appealing to investors

There is an opportunity to increase the retention and circulation of British Columbian’s hard-earned money in our own province that will lead to meaningful job creation, increased provincial tax revenues, increased local wealth and economic resiliency. Co-operatives are democratic corporations with considerable investor protections and director accountability mechanisms built into the legislation under which they are incorporated. Because each member has only one vote no matter how many shares they hold, co-ops are unattractive vehicles for anyone seeking a controlling interest in a company.

Background

BC co-ops, registered under the BC Co-operative Act¹, have a special exemption from the prospectus and registration requirements under the BC Securities Act² regulations and rules. That exemption has not been changed since its introduction in 2001. The Community Impact Investment Coalition of BC and Canadian Community Economic Development Network recommends that be updated to meet current circumstances.³ A couple of minor changes would make it a more useful exemption for co-operatives

1 http://www.bclaws.ca/civix/document/id/complete/statreg/99028_01

2 http://www.bpsc.bc.ca/Securities_Law/Act_Regulations_and_Rules/

3 <https://ccednet-rcdec.ca/en/page/bc-community-impact-investment-coalition>

whilst providing sufficient protection for investors. Loosening the red tape would permit investors to make the choice to invest their own funds in their communities. The group also believes that community investment co-ops should be designated as “Eligible Business Corporations” under the provincial Venture Capital Program. This would allow them to issue an investor tax credit using the existing program, which would incentivize local investment.⁴

Under the current exemption BCI 45-5305, BC co-ops can issue any number of membership shares as long as no individual invests in excess of \$5,000. For investment shares, there are two additional requirements: the co-op must have no more than 150 members in BC (excluding full-time employees), and the purchaser must have been a member of the co-op for at least 12 months (or since its inception, if the co-op has existed for less than 12 months). If a co-op had exactly 150 members, each of whom invested the maximum of \$5,000, it could raise \$750,000 from the combination of membership share and investment share issuances. In practice, that is unlikely.

The limit of \$5,000 per investor was intended to limit risk. The number has not been changed since 2001, even though the consumer price index has since risen by over 30% and the cost of British Columbia’s real estate has multiplied. The administrative costs associated with small investment amounts are inefficient and frustrating. A higher limit would not significantly increase investor risk.

The time requirement is also a deterrent. Co-operatives seeking to raise capital from their members to undertake projects cannot be expected to wait more than a year, and investors do not want to wait a year before investing due to this technicality. There is no evidence that this waiting period advances investor protection; in fact, it may be counterproductive because it makes it harder for co-operatives to respond nimbly to business opportunities.

THE CHAMBER RECOMMENDS

That the Provincial Government make changes to the existing co-op securities regulations by amending BCI 45-530 to:

1. Increase the \$5,000 cap per investor by raising to a higher maximum, or allow a \$5,000 maximum contribution per calendar year;
2. Remove the 12-month membership requirement for purchasing investment shares;
3. Significantly increase the maximum number of investors allowed in an community investment co-op; and
4. Establish a total investment portfolio level where BC co-ops would be required to use the offering memorandum exemption under the BC Securities Act.⁶

⁴ <http://www2.gov.bc.ca/gov/content/employment-business/investment-capital/venture-capital-programs/eligible-business-corporation/tax-credits>

⁵ https://www.bcsc.bc.ca/Securities_Law/Policies/Policy4/45-530_Exemptions_for_securities_issued_by_a_cooperative_association_BCI/

⁶ http://www.bcsc.bc.ca/For_Companies/Private_Placements/Private_and_early_stage_businesses/

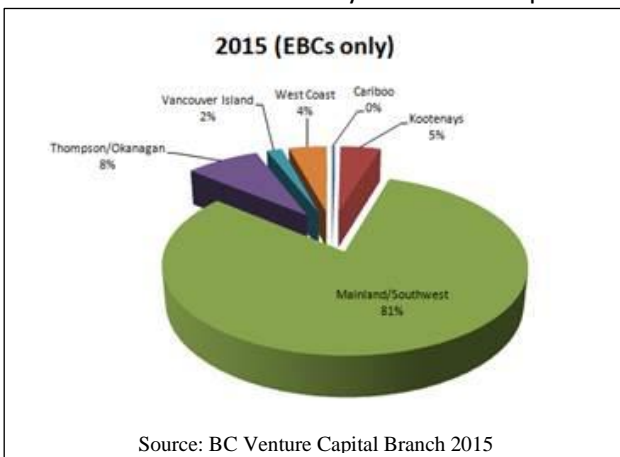
MOBILIZING RURAL INVESTMENT CAPITAL (2017)

The Need for Rural Investment Capital in BC

Access to investment capital is crucial to business and economic development anywhere – but is especially important in rural areas. However, research initiatives completed by Southern Interior Beetle Action Coalition (SIBAC),¹ BC Economic Development Association (BCEDA) and Rural Development Institute (RDI) have noted that it is often difficult to access business financing – and specifically patient equity investment financing – in rural communities. Access to financing was the leading barrier to business expansion identified by business owners in a recent survey conducted by the Columbia Basin Rural Development Institute.²

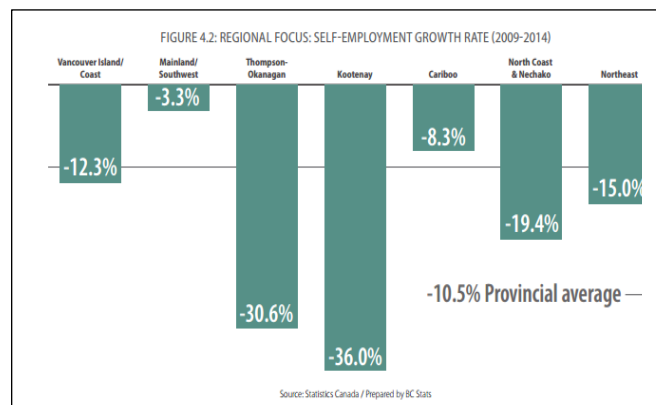
Background

For the past two decades, rates of business creation and expansion have been much slower in many rural regions of Canada and BC. Indeed, many rural communities in BC have lost a significant number of small businesses. To make matters worse, it is projected that over half of current rural business owners would like to retire in the next five years but anticipate some difficulty in selling their business.



For more than twenty years, the Province of BC has supported a very successful venture capital program to help stimulate the development of emerging industries in BC. While very successful, the vast majority of funds raised through this program are invested in Eligible Business Corporations (EBC) which are businesses in high growth sectors, usually clustered in urban areas as depicted in the adjacent graphic.

While businesses are facing difficulties in accessing capital and the self-employment growth rate is declining, BC residents are investing huge amounts of money into RRSPs - most of which is invested outside of the province. In 2013 alone, BC residents contributed over \$4.7 Billion to their Registered Retirement Savings Plans. Rural residents in BC invested over \$1.2 Billion into their RRSPs in 2013. If only 5% of this was redirected into community investment vehicles this would be over \$235 million province-wide and over \$60 million rurally per year to help improve business growth rates.



¹ <https://www.bcruralcentre.org/focus/community-investment/>

² <http://www.cbrcdi.ca/bre/business-retention-expansion-community-reports/>

Successful Models for Raising Investment Capital in Rural Communities

Recognizing this need, SIBAC has completed extensive research to identify best practices in raising rural investment capital. The two most successful models to redirect local investment capital into local economies in Canada are:

1. Nova Scotia's Community Economic Development Investment Funds³: the longest community investment portfolios operating since the 1990's, incentivized by government tax credits which have kept \$40 million in local enterprises and enrolled over 5,600 individual Nova Scotian investors; and
2. Alberta's Unleashing Local Capital⁴ initiative: which has used the community owned co-operative model as an effective local investment tool. This model is currently being tested in BC but is limited by the BC Securities environment.

Both the Nova Scotia and Alberta experience in these models have demonstrated that given the opportunity rural residents are more than willing to invest in their communities and local businesses.

Existing BC Government initiatives for Rural BC

The Chamber acknowledges that the BC government is taking steps to strengthen the rural economy in British Columbia as evidenced by the Rural Advisory Council (RAC), the Rural Economic Development Strategy⁵, and the BC Jobs Plan⁶. The RAC's terms of reference goes as far as to state that government is seeking advise on avenues to support greater rural access to capital.⁷

THE CHAMBER RECOMMENDS

That the Provincial Government creates a BC Community Economic and Development Investment Fund (CEDIF) program, which would enable individuals within BC communities to pool their capital together and invest in local **for-profit** entities. These funds would be controlled by a local group of officers and directors, who may be chosen by the founders of each CEDIF or by the CEDIF's investors at an annual general meeting.

PST ON DONATIONS (2017)

Opening Statement

Under the Provincial Sales Tax Act, charitable giving of in-kind donations is discouraged by onerous tax implications on the donor. A business providing an in-kind donation is subject to a 7% PST Tax on the value of the donation, which is inequitable relative to the treatment of cash donations.

³ <http://cedif.ca/>

⁴ www.acca.coop/unleashing/

⁵ <http://www2.gov.bc.ca/gov/content/employment-business/economic-development/developing-your-community/community-partners/rural-economic-development>

⁶ <https://bcjobsplan.gov.bc.ca/>

⁷ http://www2.gov.bc.ca/assets/gov/employment-business-and-economic-development/economic-development/developing-your-community/rural-communities/tor_rural_advisory_council_dec_12_2014.pdf

Background

Provincial Sales Tax (PST) is defined by the government as a “retail sales tax that applies when a taxable good or service is purchased, acquired or brought into BC, unless a specific exemption applies.”

In-kind donations are taxable according to the Provincial Sales Tax Act, and thus, PST must be collected on goods, or a portion of the goods given away by a donor. There is presently no exemption for in-kind donations under the Act. The exception to this, is where goods being given away are non-marketable waste by-products of processing or fabrication processes that would otherwise be disposed of without further use (e.g. thrown away or burned for a purpose other than energy).

It is unclear who is responsible for deciding what is considered a non-marketable waste by-product under the Act. In-kind donations are not considered to be non-marketable waste by-products. Currently, there is ambiguity regarding whether or not the donor is responsible for PST remittance on donations. These uncertainties weigh heavily on businesses. If businesses don't apply the law properly and repay the 7% tax, they open themselves up to vulnerability related to the potential for financial penalty, tax audits, and unintended non-compliance with law.

The Mission Regional Chamber of Commerce cites an ongoing case, whereby a member of the Chamber - Wilderness Tree Farm - has made numerous donations of materials to the Mission School District and Correctional Services, so that students and inmates were able to construct handicapped accessible picnic tables for students in wheelchairs. The products, a high-end fir lumber, were donated to the School District & Matsqui Institution, which had a cost savings of \$8,000 to the District. In order to receive a receipt for the donation, the Member was required to pay PST on the cost of donated materials. If the business had claimed the materials to have come from his property as remnants, he would have avoided the tax implications, but would not qualify for a tax receipt. There is presently no method for businesses donating to school districts, charities and health districts etc. to waiver or declare their status to allow for exemption thus giving business less incentive to donate in-kind to their communities.

Requirements on in-kind donations under the PST Act are not clearly communicated. Once a business is made aware of their tax implications, the result could mean a reduction in charitable in-kind giving due to the punitive nature of the law. Placing a tax on in-kind donations not only reduces useful charitable giving, it is ultimately inequitable as there is no tax on cash donations.

It would be far more equitable if the PST Act exempted donations to not-for-profit, charitable, and NGO organizations that provide services to communities in BC. If the government doesn't want to provide a full removal of PST on in-kind donations, then at least provide an exemption for circumstances that they find appropriate.

In addition, greater clarity must be given by the Provincial government on the requirements of business with regards to in-kind donations, as well as who is responsible to make the final determination of 'non-taxable waste by-product' under The Act.

THE CHAMBER RECOMMENDS

That the Provincial Government amend the Provincial Sales Tax Act to exempt in-kind donations to not-for-profit, NGO and Charitable organizations that serve BC communities.

REGULATE AND MANAGE THE EMERGING SHORT-TERM RENTAL BUSINESS ENTERPRISE (2017)

Opening Statement

Affordable monthly rental housing is a major factor in creating vibrant, livable and sustainable communities. Reasonable access to monthly rental housing is important to the business community both as an economic driver in its own right, and as a competitive advantage in attracting a stable workforce and securing community growth. Over the past several years, there has been a loss of affordable monthly rental housing in many communities throughout BC that is potentially exacerbated by the ease with which landlords have changed their property from monthly rental housing to nightly rentals thanks in part to the many sharing economy platforms.

This has indirectly contributed to rent increases, reduced availability of rental housing for families and workers, and made it difficult for many communities (e.g., Kelowna, Sun Peaks Resort, Fernie) to attract and house skilled workers, particularly during high demand visitor periods. A number of initiatives and projects to build more monthly rental housing are underway in many of these communities, however in the majority of cases it will be years before they are available. There is an immediate short term need to bring many of the housing units lost back online for long-term rentals¹ as well as stabilize this new business enterprise.

Background

The primary responsibility to address this housing issue lies with BC's local governments because they have the legislative authority to control and manage housing in their communities through zoning bylaws and regulations. Some communities have implemented processes and procedures, however, many more are just starting. The magnitude of the challenge is daunting to many communities, particularly the smaller ones as they lack the robust monitoring and enforcement resources. Many of the smaller resort communities are the ones hardest hit and have limited resources due to their size. In some of these communities, up to 10% of their affordable monthly rental housing stock has been lost, displacing 100's of workers. In Vancouver, sharing economy properties account for 1.2 per cent of all rental units including condos, basement suits, laneways, and apartment. If these units were put back into the long-term rental housing market, it could help raise the vacancy rate from 0.8 to 2%.² Further, the operators of many short-term rentals are potentially commercial operators.³

What is emerging very quickly from a local government perspective is that the magnitude of the task of enforcement is overwhelming; in many cases, local governments do nothing.

There is a significant role for the provincial government to play in assisting local governments with this critically integral enforcement process. Currently, the *Provincial Sales Tax Act – Provincial Sales Tax Exemption and Refund Regulation*,⁴ Regulation 78(1)b allows operators of less than 4 rooms to be exempt from collecting the 8% short-term room rental Provincial Sales Tax (PST) and the 2% or 3% Municipal Regional District Tax (MRDT), if applicable. The 5% GST is also not collected if landlords have annual sales of less than \$30,000.

1 Karen Sawatzky, Simon Fraser University, <http://summit.sfu.ca/item/16841#310> and available online information from Airbnb, VRBO, Turnkey, and AirDNA.com

2 <https://www.ubyssey.ca/news/ubc-student-airbnb/>

3 <http://www.theglobeandmail.com/news/british-columbia/vancouvers-top-airbnb-earners-are-commercial-hosts-research/article30324477/>

4 <http://www.bclaws.ca/civix/document/id/loo98/loo98/1414726040>

Recommendations

Rescinding PST Regulation 78(1)b would require all operators of one room or more to register and collect the applicable sales taxes associated with their daily sales activity. This provincial statutory requirement would enhance the local government's enforcement regime in two meaningful ways:

1. Non-compliant landlords will be at risk of enforcement activity from the Ministry of Finance for non-collection of sales taxes. It is anticipated that this new requirement, combined with local government processes and guidelines, will cause many landlords to consider reverting to renting their units on a monthly basis or comply with both levels of governments' requirements to avoid the risk of more rigorous enforcement activity. Many landlords might not qualify with new local government criteria and structure, thus enforcement at both levels of government will be critical to see those properties transition back to monthly rental housing.
2. the data regarding registration and tax collection will augment the local government's management processes and ensure ongoing compliance. The information will be cross-checked with the local government registry ensuring stability and assisting with future planning.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Rescind Provincial Sale Tax Regulation 78(1)b;
2. Work with affected stakeholders, including BC Destination Marketing Organization Association and Tourism Industry Association of BC, to clearly articulate related issues and explore resolution options; and
3. Implement a timely reporting process and structure, so that upon request, a local government can access a complete list of properties registered to collect the short-term room rental PST and the MRDT.

RENOVATION TAX CREDITS - IMPROVING BC'S HOUSING STOCK (2017)

Opening Statement

Renovations help provide stability in the housing market, create jobs, add to tax revenues, support local businesses, as well as contribute to local and higher governments' climate change goals. The federal and provincial governments have an opportunity to incentivize renovations that focus on energy efficiency and greenhouse gas (GHG) reduction.

Background

Significant progress on greenhouse gas reduction has been accomplished through technology and systems innovation, voluntary adoption of higher standards of performance, and a uniquely Canadian research and development collaboration between the public and private sectors.

The Province of British Columbia is committed to reducing greenhouse gas emissions as a part of the

Climate Action Plan. Many BC municipalities are following this lead. For example, the City of Kamloops aims to reduce its greenhouse gas emissions to 45 percent below its 2007 levels by 2020.¹

Housing is responsible for 6.3 percent of direct GHG emissions in Canada. Today's typical new house uses 37 percent less energy than a similar one built in 1990.² Further, there are many houses in need of renovation. For example, in Greater Victoria, 87 percent of the housing stock was built before the year 2000, when significant changes improvements were made to the building code. The Canadian Mortgage and Housing Corporation (CMHC) estimates 84,550 occupied private dwellings in the region built prior to 2000 and are in need of repair.³

The opportunity is for the federal and provincial governments to incentivize renovations that focus on energy efficiency and GHG reduction. Such improvements in the housing stock help provide stability in the housing market, create jobs, add to tax revenues, support local businesses, as well as contribute to local and higher governments' climate change goals.

Presently, there are two home renovation tax credits available to BC homeowners:

1. BC Home Renovation Tax Credit for Seniors and Persons with Disabilities. The maximum amount of the credit is \$1,000 per tax year and is calculated as 10% of the qualifying renovation expense (maximum \$10,000 in expenses).
2. Federal Home Accessibility Tax Credit (HATC), which is available to those who are 65 or older or eligible to claim the Disability Tax Credit. The HATC is available for the 2016 and subsequent tax years and applies to the total qualifying expenses up to \$10,000 per year, resulting in a maximum non-refundable tax credit of \$1,500 (\$10,000 x 15%).

Provincial and federal governments can build on these programs by introducing similar renovation tax credits that focus on energy efficiency and GHG reduction.

Such a tax credit can have a range of benefits over and above those flowing from the renovations alone. For example, home renovation tax credit programs:

- require use of qualified skilled labour;
- assist with the cost of the abatement of hazardous materials such as lead, asbestos, stucco, drywall mud, roof shingles, floor tiles, electrical wires, and cement;
- are an effective method for combatting underground "cash" operators, since to qualify homeowners require receipts, which helps keep both the contract value and revenue in the legitimate economy; and
- on older homes are the most affordable, offer an effective way to increase energy efficiency in the overall housing stock as well as to reduce GHG emissions, allowing governments to demonstrate climate leadership.

¹ [City of Kamloops emissions targets on right track, but in the slow lane](#)

² Help Canadian Housing and Homeowners Continue to Lead the Way: CHBA's Submission to Canada's Approach to Climate Change (June 2016)

³ CMHC, adapted from Statistics Canada data (Census of Canada 2011 and National Household Survey).

Canadian homebuilders and homeowners need to continue to lead the way in climate change action. As the largest opportunity for energy efficiency lies in the existing housing stock, governments must help to encourage homeowners to retrofit existing homes.

THE CHAMBER RECOMMENDS

That the Provincial and Federal Governments create new tax credit programs for consumers to help encourage home renovations that focus on energy efficiency and the reduction of GHG emissions.

RETURN TO 3-YEAR FUNDING AGREEMENTS FOR LICENSED CHARITIES (2017)

Introduction

Through the Community Gaming Grants program, the province government distributes nearly \$135 million of gaming revenue every year to about 5,000 non-profit organizations in BC to run programs to benefit their communities. Changing the current application criteria to permit funding agreements for up to 3-years would produce efficiencies in the program approval process. In addition, it would provide applicants with the ability to plan more effectively, achieve organizational stability and take greater advantage of operational efficiencies.

Background

Throughout British Columbia vital programs and services are provided by licensed charities and non-profit societies. They play an essential role in communities providing expertise and support to every aspect of our lives, such as human and social services, the environment, arts and culture, sport, public safety, and parent advisory councils. Without the contribution of non-profit charitable organizations many of these vital programs and services would become the responsibility of government at great cost, or would no longer be available to those who require the services many who are vulnerable peoples on low income, disabilities or are underprivileged.

In 1974, the lottery program was established in British Columbia with the stated purpose to support charitable purposes. In 1999, the Province of BC entered into a Memorandum of Understanding with the BC Association for Charitable Gaming to commit 1/3 of the annual BC Lottery Corporation revenues for the purposes of supporting licensed charities. In 2016, administration for the Community Gaming Grants Program was transferred from the Ministry of Finance to the Ministry of Community, Sport and Cultural Development.

In 2015/16, the Province distributed \$135 million in gaming grants to more than 5,000 community organizations. In addition, charitable organizations earned approximately of \$39.5 million (based on reported earnings and estimated earnings) through licensed gambling activities, such as ticket raffles, independent bingos, limited casinos, and wheels of fortune. According to a national research study, of all provinces, BC distributed the most government gambling revenue to non-profit community organizations. Between 2001 and 2014/15, the Province provided over \$1.6 billion in gaming grants to community organizations.¹

¹ <http://www2.gov.bc.ca/gov/content/sports-culture/gambling-fundraising/gambling-in-bc/where-money-goes>

Many of these organizations depend on gaming funds to deliver their programs and services. Therefore, gaming funds indirectly provides many services that significantly impact on the quality of life in communities. Additionally, non-profit organizations are often a significant employer of residents. Given BC taxpayers are already concerned with the level of programs and services being provided, we want to ensure that the licensed charities and non-profit societies can continue to provide programs and services as efficiently as possible.

It is a fact that many of these organizations are managed by Volunteer Boards of Directors with minimal or no staff. They are also very reliant on financial contributions from the local business community and citizens. It is through the combination of BCLC funding, fundraising programs and corporate support they are able to co-ordinate programs vital to communities' social fabric. In many cases, creation and co-ordination of these vital programs can only begin once the required funds have been secured. Often program development and promotion can take several months to complete before registrations can be accepted and program commencement.

In 2009, the provisions for 3-year funding agreements were concluded and the base amount granted was reduced for small non-profit organizations (local organizations received up to \$100K, regionals up to \$225K, and province wide up to \$250K). These organizations providing programs or services of direct benefit to the broader community are required to apply annually. A program is defined as an ongoing service or activity designed to achieve one or more defined objectives.

Each application is assessed on its own merit, and within the context of available funding and demonstrated community need. An application does not guarantee any level of funding. The requested amount may not be approved. The amount approved may vary from year to year. It usually takes the branch about 12 weeks to process community gaming grant applications received on or before the applicable sector deadline.

These current processes are very onerous on the organizations and place many worthwhile programs in jeopardy due to:

- the slow processes, which provide a delay in securing funding (applications can only be submitted once per annum and take 12 weeks for a response);
- uncertainty of funding, makes it difficult for organizations to adequately plan into the future;
- instability of funding makes it difficult to enable pre-registration and continuity of services; and
- program providers have difficulties securing contract service professionals due to the uncertainty of annual programming.

In her audit of community gaming grants,² delivered in December 2016, the Auditor General commented that the government needs to improve processes to better ensure funding decisions are consistent and well documented. Program guidelines need clarification and updating and she concluded that it is time for the government to re-assess whether the program design makes sense. While the report did make several recommendations for improvement it only addressed one year grants and did not comment on the duration of grant approval periods. Allowing approval of longer-term agreements would increase efficiency by reducing the number of annual re-assessments.

² <http://www.bcauditor.com/pubs/2016/audit-community-gaming-grants>

THE CHAMBER RECOMMENDS

That the Provincial Government implement a process whereby:

1. Approved charitable and non-profit programs with longer-term programming needs can apply for up to 3-year funding commitments, distributed annually; and
2. The organization would still be subject to annual reporting of their compliance before receiving the subsequent annual grant.

FOSSIL PROTECTION LEGISLATION (2017)

Definition

Fossils are the preserved remains, traces or imprints of organisms from the geological past. Fossils include marks left behind by the organisms while they were alive, such as footprints (trace fossils). Fossils represent the historical record of the evolution and development of life on earth.

Issue

The Province of British Columbia does not currently have adequately enforceable legislation specifically protecting the paleontological heritage resources and fossil heritage record of this province. This lack of legislation has led to large-scale removal of fossil heritage resources and their associated information from the province.

Fossils are important globally as well as in BC for their scientific value, heritage, educational and economic value, including their tourism value.

Opportunity Background:

Lead expert in the field of where BC fossils are stored, Dr. Richard McCrea (McCrea et al. 2014), identifies the Gething Formation and refers to the tracks from Hudson's Hope as follows: "Significant collections of western Canadian vertebrate tracks include the Canadian Museum of Nature (CMN - formerly National Museum of Canada NMC) and the Royal Ontario Museum Formation (ROM), where many tracks and replicas from the Gething of the Peace River Canyon are housed. The Provincial Museum of Alberta (PMA), now the Royal Alberta Museum (RAM), housed a large collection of Gething Formation tracks that was moved to the Royal Tyrrell Museum of Paleontology (TMP) after it was constructed. The TMP also houses fossil tracks, partial trackways, and many molds and casts from both Alberta and British Columbia from formations of Early to Late Cretaceous age" (McCrea et al. 2014, page 3).

This resolution is important for business because if we have a net loss of heritage specimens and their associated knowledge from the province, we will also see a loss of educational and educational tourism opportunities. Besides the Peace River Paleontological Research Centre (PRPRC) the best places right now to see BC fossils on display are located in other provinces, specifically Alberta (the Tyrrell) and Ontario and Ontario (ROM and CMN). If there's a mechanism (i.e. specific legislation) in place that offers more protection for BC fossils and sets up multiple provincial repositories within BC (museums and collections), there are more opportunities to use BC fossils for their educational tourism potential.

With regards to fossils being removed from British Columbia, this is what happens when a province does not make its fossil heritage a priority for care and conservation: other provinces and countries see the value in it, see the neglect, and step in. Other museums have been willing to put in the time and continued resources to care for BC's fossils when BC didn't care. This is why we are not pushing any museum that has BC fossils to have the fossils returned to BC. Other museums have done BC, Canada, and the world a huge favor by picking up the slack. What needs to be done is to make sure we can correct the mistake of lack of care for our province's fossil heritage by reversing the trend. Adequate legislation is the first step.

The present legislation is not effective, and the reason for this is that there is nothing specific about fossil heritage protection and conservation in any legislation. As it stands, the Fossil Management Framework

FORESTS, LANDS, NATURAL RESOURCE OPERATIONS

is trying to come up with management plans with existing heritage legislation, but so far, it's a patchwork quilt effort and there will be gaps. Five of the biggest gaps are as follows:

1. There is only one provincially designated repository for fossils. That is the Royal BC Museum. There should be multiple provincially designated repositories to deal with the vast variety of fossil heritage resources BC has, much like the way Alberta manages their fossils. There is room for multiple institutions to do this work, and the great side benefit to having many museums is you have that many more education and tourism spin off opportunities.
2. There is no mandatory reporting for fossils during commercial and industrial operations. This is a missed opportunity. Companies that report fossil finds so that they can be properly dealt with receive tons of good press. Those that are accused of hiding fossil finds do not. We've had lots of good press with the reporting that's been done voluntarily by industry, such as the wind tower projects.
<http://tumblr ridgegeopark.ca/index.php/2015/08/11/ankylosoaur-tracks-discovered-at-wind-energy-site-near-tumbler-ridge/>

Where reporting is mandatory, as in California, there is still good press:

<http://www.sandiegouniontribune.com/news/science/sdut-treasure-trove-of-fossils-found-at-carlsbad-2015sep03-story.html>

Alberta also has mandatory reporting, and their fossil finding and reporting press is also good:

<http://www.edmontonsun.com/2014/09/24/newly-discovered-dinosaur-has-alberta-ties>

3. There are no mandatory impact assessments for fossils that must be done prior to conducting land use projects. There are mandatory impact assessments required for archaeological finds. The absence of mandatory impact assessments for fossils is a huge flaw in the existing framework. It also is a missed business opportunity. Because assessments are mandatory in Alberta, there are many paleontology consulting companies. Right now, if any company does an assessment on a voluntary basis, they use Alberta companies. Should mandatory assessments be required with respect to fossils in BC, there would be demand for BC-based consulting and training. Another missed opportunity for BC businesses.
4. Because of the lack of mandatory impact assessments, there is no mandatory consulting with First Nations over fossil heritage found on their lands. This is a huge gap that further disenfranchises their communities and the say they have over their lands.
5. Because fossils are not a priority to the province (in terms of protections, repositories, and reporting), there are no educational opportunities with respect to fossils. BC has no post-secondary training programs for fossil related sciences. This means we continue the lack of awareness of how great BC fossil heritage is at all schooling levels. If the province as a community cared - and to care they have to act to protect fossils with specific legislation that ensures multiple repositories, mandatory reporting, and mandatory impact assessments - BC as a whole will care.

The retention, preservation, cultural appreciation of fossils and their information as important and irreplaceable heritage resources and records should be a priority of the Province of British Columbia.

FORESTS, LANDS, NATURAL RESOURCE OPERATIONS

Legislative Background

While there are no specific legislative fossil protection measures in BC, there is currently legislation governing fossils, such as the BC Land Act, Park Act, Ecological Reserve Act, Protected Areas of British Columbia Act, Wildlife Act and the Environmental and Land Use Act. The Ministry of Forests, Lands and Natural Resource Operations has also been leading the development of a Fossil Management Framework. The Framework aims to: clarify the rules governing the management and use of fossils; manage impacts on fossils from other activities; provide for the stewardship of significant fossil sites; raise internal and external awareness of the framework and the importance of fossils; build knowledge of the nature and extent of the resource in BC; and clarify the rights and obligations of the public, business, government and other stakeholders. This framework and current legislative measures lack the enforcement mechanisms and the wider public awareness required to address fossil protection and preservation.

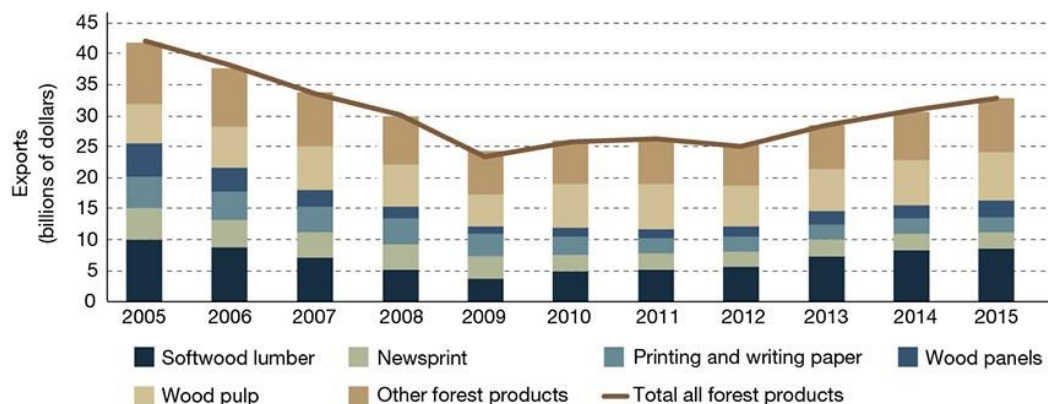
THE CHAMBER RECOMMENDS

That the Provincial Government enact legislation that both protects and preserves the paleontological resources and fossil record of our province, and contains provision for the establishment of multiple authorized fossil repositories in the province.

THE CRUCIAL NECESSITY TO NEGOTIATE A RENEWED SOFTWOOD LUMBER AGREEMENT (2017) – SUPPLEMENTAL TO 2016 POLICY “THE NEED FOR A RENEWED SOFTWOOD LUMBER AGREEMENT”

With approximately fifty percent of Canada’s softwood lumber exports originating from British Columbia, negotiating a renewed softwood lumber agreement with the United States is an imperative and vital necessity to British Columbia’s forest industry and overall economy. In 2015, the value of Canada’s forest exports increased by 6.3% over 2014, rising to \$32.7 billion from \$30.8 billion. On the wood product side, the U.S. housing recovery continued to drive Canadian softwood lumber exports. In 2015, softwood lumber exports totalled \$8.6 billion, a 3% increase over 2014. The value of wood panel exports increased by 18%, to \$2.68 billion with significant increases in all panel types, especially plywood (29%) and fibreboard (28%).

Exports of Canadian forest products, 2005-2015 Statistics Canada. Merchandise trade data. (April 20, 2016)



In 2015, direct employment in the Canadian forest industry, as measured by Statistics Canada's System of National Accounts, increased by 1.5% from 2014 levels, to 201,645 jobs. The job gains are in line with other positive indicators, such as increasing forest sector contribution to Canada's gross domestic product (GDP) and financial metrics. But employment did not improve in all forest sub-sectors: employment in the pulp and paper sector decreased as a result of poor market conditions for newsprint and other paper products, which has caused several mill closures. Within Canada, wood product manufacturing and forestry and logging employment is concentrated in BC and Quebec. Statistics Canada. [CANSIM table 383-0031: Labour statistics consistent with the System of National Accounts \(SNA\), by province and territory, job category and North American Industry Classification System \(NAICS\)](#). (June 17, 2016)

The British Columbia forest sector provides well-paying jobs for thousands of British Columbians, many of them in rural communities, and contributes taxes for important services across the province. As an integrated sector, it is made up of many interconnected and interdependent sub-sectors so it can make the most efficient use of all the fibre harvested.

One of these is the value-added or secondary wood manufacturing sub-sector. The value-added sub-sector includes innovative and entrepreneurial companies across the province and is an important element of BC's diverse forestry sector. In 2012, it provided close to 12,5000 full-time jobs with estimated sales of \$2.8 billion.

In 2012, a Canadian Forest Service survey found that the value-added sub-sector was dramatically impacted by global economic downturn and its ongoing effects on the U.S. housing market. It reported that in 2012, BC had 589 value-added businesses, with 12,417 full-time employees and an estimated \$2.8 billion in annual sales. Employment was down 16% from 2006, and sales were down 11%. In 2012, companies with fewer than 50 employees made up 58% of the sub-sector; in 2006 they made up 88%.¹ The previous Softwood Lumber Agreement expired October 2015. A new agreement must be in place or there will likely be a protracted and aggressive trade action on Canadian lumber similar to what was experienced before the last agreement which went into effect from 2006 to 2015.

The U.S. Lumber Coalition is expected to ask for export duties starting in Q2, 2017. It is anticipated that these duties could be in the 25 to 30% range. The softwood lumber dispute is designed to impact commodity, structural, construction lumber as it is a dimensional/structural lumber concern.

Within the lumber industry, high value, specialized products remain a key component of exported lumber. These value-added, specialty products consist of finger-jointed lumber, decking, siding, plywood, OSB (oriented strand board) and veneer; cabinets and components; household, commercial and outdoor furniture; windows and doors; architectural millwork; log homes and packaged homes; pallets, boxes, poles and posts; musical instruments; shakes and shingles and wood crafts. Although the key focus of this dispute is not about high value, specialized products, these products still represent an integral component of any future softwood lumber agreement and should not be downplayed or overlooked. The high value producer position is consistent with British Columbia Lumber Trade Council (BCLTC) messaging being given to the federal negotiators. An additional duty on high value products could be devastating to those companies that have invested in and have created a business that extracts maximum value possible from

¹ Secondary Manufacturing of Solid Wood Products in British Columbia 2012: Structure, Economic Contribution, and Challenges since 1990. Bogdanski, Bryan E.S. and Alec McBeath, Canadian Forest Service. 2015. <http://cfs.nrcan.gc.ca/pubwarehouse/pdfs/35951.pdf>

the public resource.

THE CHAMBER RECOMMENDS

That the Provincial Government work closely with the BCLTC and the Federal Government to carry through and include the high value-added product recognition as part of any negotiated settlement.

INDIGENOUS RELATIONS AND RECONCILIATION

INDIGENOUS ISSUES: ACHIEVING GREATER CLARITY (2017)

Businesses operate best in a stable and predictable environment, where rights are certain and protected by the rule of law. The biggest issue for the business community arising from indigenous claims is the lack of clarity around the Crown's duty to consult and accommodate indigenous communities.

Many activities that businesses pursue, or would wish to pursue with the permission of the Crown, may be impacting asserted aboriginal rights in some way. It is clear that aboriginal rights and title still exist in the province, and are protected by the Constitution, but in most instances the extent of aboriginal rights is unclear, while the extent of aboriginal title still remains completely unknown.

Increased Expectations

The gap between what the indigenous and non-indigenous populations would accept as a reasonable resolution or reconciliation appears to have grown in the last decade.

Since the 1997 decision of the Supreme Court of Canada in *Delgamuuk'w*, to the extent that aboriginal title has not been extinguished in BC, there has been a trend of increasing expectations by indigenous peoples as to the extent and strength of their rights.

Two recent and significant events that may have contributed in raising those expectations are the (non-binding) statements made by Mr. Justice Vickers in the *William* case, in November 2007, concerning the extent of aboriginal title of the Tsihlot'in people and the 2009 Recognition and Reconciliation (R&R) initiative of the provincial government. Although the 'R&R' initiative was ultimately not supported by indigenous leaders themselves, it did propose a very significant degree of control of provincial resources through "shared decision making", as well as the potential recognition by the Province that aboriginal title existed throughout the whole of the province.

The level of indigenous expectations is probably best gauged by the extent to which a standard of "free, prior, and informed consent" has been adopted by varying indigenous groups as a pre-condition to business development. This principle was ultimately refuted by the Supreme Court of Canada in *Haida* decision in 2004 and further refuted by the federal government in 2010 when Canada issued a Statement of Support endorsing the Declaration as an aspirational document, but at the same time noted it was a non-legally binding document that does not alter the legal duty to consult. While the federal government has since indicate they will adopt the recommendations in the Truth and Reconciliation report, including the recommendation to adopt the UNDRIP, the Attorney General of Canada did say the adoption of the Declaration is "workable" as it relates to Canadian law.¹

Achieving Long Term Certainty Will Require Negotiation, Litigation, and Time

Clarity concerning the extent of aboriginal rights and title will most likely be achieved by two methods running in parallel – that is, by a combination of court decisions which will provide better guidance to all parties as to the actual extent of aboriginal rights and title, and by negotiations culminating in final settlements in the Treaty process.

It is important to note that achieving clarity concerning the extent of aboriginal rights and title in the

¹ Ottawa won't adopt UNDRIP directly into Canadian law: Wilson-Raybold, iPolitics, July 12, 2016

INDIGENOUS RELATIONS AND RECONCILIATION

province will take time, and it is necessary to create a workable environment for the business community pending final achievement of that goal.

Achieving Greater Clarity in the Short Term

The challenge for federal and provincial governments is to create an environment which will allow businesses to operate successfully and competitively – and with greater certainty – for the foreseeable future, while the resolution of the aboriginal rights and title issues is still underway. The solution, as noted below, is to institute an effective process of consultation, as suggested by the Supreme Court of Canada in *Haida*.

The most important recent decision that provides how to achieve greater certainty in the short term with respect to aboriginal rights issues is still the November 2004 decision of the Supreme Court of Canada in *Haida*.

The *Haida* decision – and the companion *Taku* decision – addressed the process the Crown should follow before granting licenses and rights which might affect unproven but asserted claims to aboriginal rights and title. This was further clarified by the decision in *Rio Tinto Alcan* (2010).

The key finding of the Supreme Court of Canada (the Court) was that the Crown has a duty to consult with indigenous groups who have not yet established their rights, before granting licenses or permits that might affect their asserted rights, and in some circumstances, the Crown has a duty to ‘accommodate’ those indigenous groups.

The Court made it clear that the duty to consult with indigenous groups is one owed solely by the Crown, and is not owed by the business community. A very interesting part of the decision was a statement by the Court that the Crown (both federal and provincial) could establish regulatory schemes to comply with the legal obligation of consultation. In effect, the highest Court in Canada advised the Crown that if a fair process for consultation was established, and followed, then the courts would uphold the decisions that emerged from that process. The Crown has, for the most part, delegated this procedural role to business through the regulatory process.

The Court described the nature of the consultation required as being on a sliding scale, based on an assessment of the strength of the aboriginal claim and the impact of the proposed activity on the asserted aboriginal interest.

The Court also commented on ‘accommodation’, describing it as a process of trying to harmonize the competing interests of development and the wish to protect aboriginal interests.

The consultation principles in *Haida* were also applied to Treaty rights in *Mikesew* (2005), and were further clarified in the Treaty context in *Little Salmon* (2010).

From the perspective of the business community, the consultation process largely remains confusing and lacking clear rules. This is a major impediment for people wishing to do business in the province. Achieving greater clarity with respect to the process of aboriginal consultation – with guidelines, timelines, and outcomes that can be relied on – is of critical importance to both the business community and indigenous communities looking to benefit from the long-term economic and social benefits found in

INDIGENOUS RELATIONS AND RECONCILIATION

resource development projects.

There have been some recent improvements in the provincial government process. There does appear to be more effort committed to developing expertise in consultation in the recent reorganizations of the “dirt ministries”. There have also been some recent efforts to provide some guidance to the business community. The “Updated Procedures for meeting Legal Obligations When Consulting First Nations – Interim” (May 2010) and the companion “Guide to Involving Proponents When Consulting First Nations (April 2010) are welcome developments, as are the published policy statements of the Environmental Assessment Office that provide a guide for project proponents in consulting with aboriginal people in both a Treaty and Non-Treaty context. It is still an open question as to whether the recent Protocols with the Haida, Central Coast, and other groups will actually achieve any greater certainty.

With respect to the federal consultation process, Indigenous and Northern Affairs Canada made an initial effort to address this policy vacuum by releasing its “Interim Guidelines for Federal Officials to Fulfill the Legal Duty to Consult” in February 2008 and has followed up with the Federal Consultation Guidelines of March 2011.

However, these efforts fall short of the regulatory regime that was suggested to both levels of government by the Supreme Court of Canada in 2004 in *Haida*.

One additional point is that the provincial and the federal governments are often both involved in the same project, with permits required from each of them. The effort to coordinate the consultation processes required for the different permits has been appreciated, but could be more robust. The consultation process is still often unnecessarily duplicated by or uncoordinated between both levels of government, with little or no reference to the other, adding to both expense and delay.

Revenue Sharing by the Crown(s)

In addition to wanting greater control over the decision-making process of whether a new business activity should proceed, indigenous groups rightly want to benefit their communities over the long-term through a portion of the revenue derived from the proposed business activity.

While industry had worked closely with indigenous groups to develop long-term benefit agreements, ultimately such economic benefit agreements is a matter of policy that should be determined by the Crown. The provincial government has made this a priority in recent years.

In *Haida* – and the decisions that followed - the Court did not propose a practice of paying money as a requirement of ‘accommodation’ before aboriginal rights had been established.

There have been some recent developments in the Province to provide for the sharing of Crown revenues on a variety of projects. Examples of this are the Economic Benefits Agreements that have been negotiated between the Province and some members of Treaty 8, and the Resource Revenue Sharing Policy that was announced by the Province for the mining sector in October of 2008, which was implemented on two mining projects in 2010. There also appears to be a movement by the Province to apply a revenue sharing approach in the forestry sector.

In summary, while both levels of government have been taking steps in the right direction to assist in

INDIGENOUS RELATIONS AND RECONCILIATION

achieving greater clarity for business in the province, there is still much room for further improvement between business, indigenous communities and government.

THE CHAMBER RECOMMENDS

That the Provincial Government works with the Federal Government to:

1. Develop harmonized workable regulatory processes for carrying out consultation with the aboriginal peoples that will amount to the regulatory schemes referred to in *Haida*;
2. Continue to provide clearer guidelines for the business community with respect to its role (if any) in the consultation process; and
3. Continue to develop policies around revenue sharing with Indigenous peoples.

A FOCUS ON REFUGEES (2017)

Issue

The Surrey Board of Trade is the co-chair of the Surrey Local Immigrant Partnership (LIP) coalition of local service providers focusing on the needs of new immigrants and refugees. It is the only LIP coalition in BC with business at the table in a leadership capacity.

In 2016, after much debate, Canada accepted approximately 40,000 Syrian refugees through a mix of public and private sponsorship programs. Surrey became home to nearly half of those arriving in B.C: 44% of 1,700, up 23% of all refugees combined the previous year. Approximately 60% are under the age of 18. (Immigrant Services Society of BC – NB, figures do not include privately sponsored refugees in Surrey)

Most of the refugees do not speak English, have varying levels of trauma and medical needs, and are learning how to adapt to Canadian society. Their day-to-day settlement needs – finding appropriate housing, furniture, appropriate clothing, food and living costs, enrolling children in school, figuring out the public transit system, finding their way to medical appointments, and finding social and emotional support networks – takes the majority of their time in the first year. In addition, the emotional toll of having left loved ones behind has an understandable impact on their resettlement efforts. Service providers such as Options and DIVERSEcity have done their best to accommodate, but waitlists for services, English Language training, basic job-skills training are long. A new Syrian-Canadian association was developed in Guildford to help alleviate the pressure on services, providing food and translation assistance. The Surrey School District's Welcome Centre is working with the Syrian students (approximately 600 expected to be enrolled by end of year). The Surrey Food Bank experienced a jump in requests with Syrian refugee families signing on.

Progress is slow to move Syrians off supports and onto stable employment. According to a recent survey of Syrian refugees by the Immigrant Services Society of BC, 76% of respondents are in federally funded adult English classes or LINC classes, 51% on waitlists have waited an average of 4 months, and 20% are taking training/education other than English towards economic integration. Only 17% are employed either full or part time, with 59% of those in Manufacturing, Construction and Trades. Of those not currently employed, 64% are actively looking. A majority of respondents, 66%, are using the food bank regularly.

The concern is that the federal support for publicly sponsored refugees is only for one year. Refugees then move to Provincial funding, which in BC is much less with the average family losing roughly \$348/month. Funding varies based on size of family and housing needs, as well as health, language instruction and employment services. However, the provincial funding, though similar in base amount, does not include transportation allowances and housing supplements, leading to a substantial decrease in support especially in the tight housing /rental market of the Lower Mainland.¹

Given that it is unreasonable to expect refugees to find sustainable employment within a year of arrival due to waitlists for language and job skills training, as well as family health and emotional needs and the challenges of integration to a very different society, service providers are now advocating for the provincial support to be increased to help mitigate the impact of transitioning funding sources.

¹ http://www.conferenceboard.ca/commentaries/immigration/default/15-04-08/why_canada_needs_a_national_immigration_action_plan.aspx

As reported in the *Globe and Mail*, December 4: The BC government said it is continuing to look at the issue. The province said its supports for low-income individuals can include subsidized housing and child-care subsidies. It said refugees who are eligible for disability assistance could also receive more support than they did under the federal government.

These measures, if implemented, will help. Employment and English language training, essential for economic integration, however, are still federally funded and waitlists are long. BC currently has the highest waitlist with over 5,000 permanent residents looking for spaces, the majority in Surrey (ISS of BC report), and this prior to the influx of Syrian refugees.

Benefits

A number of the Syrian refugees have various education backgrounds such as engineering, or other professional credentials. Many have had their education interrupted and would like to continue. However, with lengthy waitlists for English instruction that will expedite employment opportunities, a provincial “top up” of the income assistance (IA) funding will assist Syrian and other refugee families transition until their English becomes relatively proficient. Two key areas are being suggested, including the reinstatement of bus passes for all employable income assistance recipients including refugees who must avail of BC income assistance (BC IA). For those BC IA recipients living outside communities without public transit (e.g. Syrians have now settled in 69 different communities throughout BC) then a cash equivalent would be provided. Without a transportation allowance, it makes it extremely difficult for people to find work and/or attend English language and job-related training. The other policy area relates to the wage claw back mechanism while on BC IA. The wage claw back portion should be increased to fifty percent (50%) or higher in order for especially refugee newcomers to gain Canadian work experience without significant claw back of benefits. Currently the federal government provides all government assisted refugees with the ability while on federal income support to earn fifty percent (50%) of their monthly income support without claw back.

It should be noted that between 1979 and 1981, Canada accepted 60,000 “boat people” from Southeast Asia. Within a decade, 86% of those former refugees were working, healthy and spoke English with some proficiency, achieving the basic criteria for success set out by academic Morton Beiser in his landmark study of their integration into Canadian society (*Strangers at the Gate: The Boat People*). They were less likely to use social services and more likely to have jobs than the average Canadian. One in five was self-employed. They weren’t a drain on the taxpayer—they *were* taxpayers.

This mirrors the experience in Germany, where a 2012 study found residents with foreign citizenship paid \$218 billion more in taxes than they received in social benefits. German officials have been smart to cast their willingness to accept a half-million asylum seekers each year as not just a humanitarian gesture, but as wise economic policy. In December 2015, Vancity Credit Union released a report entitled *From Crisis to Community: Syrian Refugees and the BC Economy*. The report outlined that Syrian refugees settling in British Columbia would generate at least \$563 million in local economic activity over the next 20 years.²

Like Germany, Canada has a rapidly aging population. Two hundred and fifty thousand (250,000) Canadians are currently retiring annually with future projections to reach 400,000 in the near future. In

² <http://www.spiegel.de/international/germany/refugees-are-an-opportunity-for-the-german-economy-a-1050102.html>

fact, in December 2016, the Department of Finance released a report that indicated that the federal debt could double to \$1.5 trillion by 2050-51. The report points to the major economic challenge caused by the gradual retirement of baby boomers. The demographic shift is expected to shrink work-force participation, erode labour productivity and drive up expenditures for things like elderly benefits. At the same time, the Advisory Council on Economic Growth advised the Government of Canada to increase immigration levels to 450,000 annually as one step to address the projected challenges to the Canadian economy. On October 31, 2016 Minister McCallum announced a new immigration baseline of 300,000 per year starting in 2017 along with a signal of future higher immigration levels and a multi-year three-five (3-5 year) immigration levels plan. According to a Conference Board of Canada report we'll need to attract 350,000 immigrants annually by 2035, up from 260,404 in 2014.

What's needed is not just a discussion of how to facilitate immigration—of refugees and others—but how to ensure our new residents integrate swiftly into the economy. Germany has had success with an “early intervention” model that identifies skilled refugees and pairs them with opportunities as soon as possible. But all of this requires a shift in thinking. Done properly, bringing refugees into our country isn't about charity. It's about investing in the future of business —both theirs and ours.

Challenges

Statistically, only about 10% of refugees find employment in their first year in Canada. The concern is the need for the Province to support families that the federal government have accepted until they are sufficiently employable through English and other training. This will be a draw on provincial resources.

There is a need to ensure Syrian families continue to be supported beyond the one year federally-funded period at a level that provides sufficient economic security to continue with English and employment related training. Policy should include bringing back bus passes for all BC IA recipients or cash equivalent where no public transit exists and increase the amount that BC IA recipients can earn without claw back. Recognizing the challenge to provincial resources, once employed, Syrians will be able to contribute back to BC and Canada through taxes as well as economic activity in their community.

THE CHAMBER RECOMMENDS

That the Provincial Government works with the Federal Government:

1. To extend the federal financial support of refugees from one year to three years; and
2. To enhance education and career planning supports for refugees.

A FOCUS ON YOUTH ENTREPRENEURSHIP (2017)

Introduction

Given persistently high rates of youth unemployment in British Columbia—at 13.6 percent, more than double the national average—preparing youth to follow an entrepreneurial path is not only an acceptable choice, but also a strategic decision. There are programs in BC and in Canada that introduce youth to career paths, but not enough focus on developing practical entrepreneurial skills. It will take the combined

support and involvement from all sectors, including businesses, to address the need for more support to develop BC and Canada's future business owners.

A Surrey Board of Trade Success Story: A Long-Term Commitment

Surrey is a young, rapidly growing city with one third of its population under the age of 19. While this is a source of strength, it creates strains in key areas such as programs and services, housing and the job market. Statistics show that youth unemployment and underemployment is rising and entry-level wages do not cover the cost of living. The Surrey Board of Trade (SBoT) launched a Youth Entrepreneurship and Advocacy Action Plan in 2016, which is led by a team of youth and business leaders. The goal of the Action Plan is to combat unemployment, promote entrepreneurship and improve economic prospects for Surrey youth through targeted services, events, programming and mentorship.

Vital Signs 2015, a Coast Capital Savings sponsored survey of Surrey youth aged 12 to 24, showed that older youth overwhelmingly felt they had not received adequate life skills training in their elementary and secondary years and were unsure of their ability to successfully transition out of school into stable fulfilling employment. With this in mind, a key component of the SBoT strategy is to empower local elementary and secondary teachers to effectively teach entrepreneurship. Through a partnership with PowerPlay Strategies, a Surrey-based company that specializes in entrepreneurial education for youth, educators have been provided with turnkey resources and training. The customized solution also includes meaningful mentorship opportunities with the local business community.

PowerPlay Young Entrepreneurs is a curriculum-based program for grades 4-8 classrooms. Each individual student creates a real business by developing a business plan, product and marketing materials. They get loans, make sales and donate a portion of their profits to charity. This authentic, hands-on learning experience has proven to be highly engaging for all types of learners. Students develop practical entrepreneurial skills such as creativity, critical thinking and communications that can support them in all areas of life. They also discover that entrepreneurship is a viable career path.

Surrey Board of Trade also leads a second PowerPlay program called Project Enterprise in secondary school classrooms. Students develop real social enterprises and discover their ability to be change makers. They redefine success in business from an exclusive focus on profits to one that prioritizes people, the planet and profits. Whether coming up with a product that is environmentally friendly or addresses a social issue, students are encouraged to innovate and think outside the box. They conceptualize product ideas, develop prototypes and complete a market test. Again, this real-world approach to learning helps young people develop an entrepreneurial mindset that is needed in a highly competitive marketplace.

Together the Surrey Board of Trade and PowerPlay Strategies have created a model that can be easily adopted in other communities. In fact, the Surrey Board of Trade has been focused on entrepreneurial strategies for youth for the past 10 years.

Supporting the Current Workforce

With half of all owners of small and medium-sized business in Canada retiring in the next decade and youth unemployment more than double the rate of older age groups, entrepreneurship is an opportunity for youth to create jobs for themselves and others, generating tax revenue and producing the products and services that will play a vital role in our economic success. We need more of them. Corporations need to stop simply providing jobs and instead incubate entrepreneurial talent.

On a global scale, there are 73 million people between the ages of 15 and 24 who are currently unemployed; the 15 to 18 per cent of youth in Brazil, Canada, Russia and the USA, the 21 to 23 per cent of youth in France and the United Kingdom, and the 30 to 52 per cent of youth in Italy, Spain and South Africa. These are the young people we should be worried about, but they're also the ones entrepreneurship can help save. The time for our governments to invest in creating and supporting youth entrepreneurship programs is now, because as scary as those unemployment figures are, they're only set to climb higher, according to findings from the G20 Youth Entrepreneurs' Alliance.¹

Giving young people a real opportunity to gain control over the direction of their lives can reduce the malaise and hopelessness that permeates communities with vast numbers of unemployed youth. With basic business education and access to microloans, the economic ecosystem of whole communities can change drastically: small businesses create local jobs and keep capital circulating in communities.²

The United Nations Conference on Trade and Development (UNCTAD) developed a Policy Guide on Youth Entrepreneurship³. The report builds on previous work by UNCTAD and recognizes the specific needs of young people. In summary, the five recommendations include⁴:

1. **Optimize the regulatory environment** – Ensuring that regulations do not in themselves present barriers, the recommendations are to balance regulation and standards with development objectives, introduce transparency and ease of access through “one stop shop” bundling of business registration, etc. Overall, the purpose is to simplify regulations where it makes sense.
2. **Enhancing entrepreneurship education and skills development** – The recommendation is to begin introducing entrepreneurship awareness from the beginning of the school experience. Similar to the program that SBOT uses, educational programming from kindergarten through to post-secondary, would provide experiential, hands-on training that incorporates external mentors and would include a variety of opportunities including trades, apprenticeships, innovation, and other extra-curricular programs. Some of this has been included in the language for the new BC K-12 curriculum; however, there is opportunity to expand.
3. **Facilitating technology exchange and innovation** – Information and communication technologies (ICT) are critical for any new business venture, and is a particular challenge for marginalized young people (socio-economic barriers, remote locations, etc.). Incubators, research and development labs, knowledge hubs, education-industry collaboration and business mentorship are but a few ways that ICT challenges can be overcome. An appropriate policy would also include a mechanism to facilitate youth-led businesses connecting with potential clients/customers.
4. **Improving access to finance** – Challenges such as age restrictions and low financial literacy levels can be overcome by developing youth-friendly financial products, including flexible loans or a credit bureau, increasing financial inclusion, and recognizing public-private partnerships as a means of collateral for a start-up. Business mentoring should be seen as an invaluable resource for young entrepreneurs and should be encouraged.

1 G20 Young Entrepreneurs' Alliance <https://www.g20yea.com/>

2 http://business.financialpost.com/entrepreneur/fp-startups/the-incoming-government-should-be-looking-to-entrepreneurship-to-cut-youth-unemployment?_lsa=6793-e31d

3 United Nations, UNCTAD, Policy Guide on Youth Entrepreneurship, 2015.

<http://unctad.org/en/pages/PublicationWebflyer.aspx?publicationid=1404>

4 Ibid, P.11.

5. **Promoting awareness and networking** – The hardest challenge for a young entrepreneur is to overcome negative attitudes and to connect with a supportive environment to foster their development. Businesses, along with governments, can jointly elevate the value of entrepreneurial programs, encourage and support peer networks, utilize media platforms to celebrate success, and to promote investments. Much of this is incorporated in the SBoT programs described above.

The recommendations through the UN report encompass both provincial and federal jurisdictions and will require collaboration between those governments and businesses to ensure that the business owners and employers of tomorrow are given the best tools to succeed. In addition, from SBoT's success as well as the UN report recommendations, the best time to start is in the primary grades.

THE CHAMBER RECOMMENDS

That the Provincial Government works with the Federal Government to create a comprehensive youth entrepreneurship strategy, using best practices.

ENABLING AND PROTECTING THE NEXT GENERATION OF ENTREPRENEURS (2017)

Introduction

While there is no minimum age for owning shares in a business, individuals under the age of majority (19-years of age in Canada) cannot incorporate, meaning they can't sign contracts or legal documents on behalf of the company, and they cannot be an officer or director of their own company. These youths must rely on multiple guardians, parents and/or trusted advisors willing to do so on their behalf. By limiting the ability for budding young entrepreneurs to guarantee certain protections for their ideas and businesses, these restrictions are at odds with the provincial and federal emphasis on promoting entrepreneurship and small-business as an economic driver.

Background

Today's youth are an increasingly likely group for entrepreneurship as they look towards self-employment as a viable career option. With a significant chunk of future businesses starting out of apartments, basements, or garages at a very young age, particularly as technology facilitates the accessibility and ease with which individuals can start their own company, there is a need to ensure that BC (and Canada) stays at the forefront of the industry and opens doors where possible for innovation to thrive.

Taking their cue from the Mark Zuckerbergs of their generation, more and more entrepreneurial-minded youth are taking risks to start their own companies. In BC, at the age of 16 based out of Burnaby, Milun Tesovic established himself as one of Canada's youngest entrepreneurs by starting the online music website Metrolyrics, which soon became the #1 online lyrics website in the world with 126 million page views per month and eventually sold to American media conglomerate CBS. But first, he had to bring inside a trusted family friend as a business partner because he couldn't legally do it on his own. At the age of 15, Albert Cherng started the Tech Easy Foundation, a non-profit society that provides technology education for seniors. Albert recently received the BC Youth Social Innovation Award and Tech Easy has helped over 1000 senior citizens across 40 communities and recruited over 200 high-school volunteers.

Yet in order for all this to take place, Albert had to convince his parents to start and govern a society on his behalf. How many other brilliant youth are we excluding by not making a more accessible and protected mechanism for youth to create great organizations such as these?

In a survey conducted by EY, 65% of young people aged 18-25 indicated their desire to start their own business.¹ The 2017 Expert Panel for the Federal Government's Youth Employment Strategy (ages 15-29) found an increasing trend towards recognizing entrepreneurship as a viable career path. In order to help our youth succeed as entrepreneurs, there is a growing movement of initiatives and organizations supporting youth entrepreneurship projects in high school and elementary. These programs create real-world projects for youth to help them learn entrepreneurial skills and competencies at an age when they readily develop: curiosity, courage, an ability to overcome fear of rejection, critical and creative thinking, resiliency, and more. Examples in BC include Young Entrepreneur Leadership Launchpad (YELL Canada), Junior Achievement, Tinypreneur, PowerPlay, and StartupSkool. Combined with recent shifts in BC's education curriculum putting a focus on project-based learning for students, we will see more youth designing business ideas at a young age and hungry to get them going in real life. This is a problem that organizations like YELL Canada come across frequently, with innovative and visionary 15-19 year olds keen to start a business, but feeling frustrated because they can't do so.

Despite the growing momentum, youth under the age of majority can't incorporate, and are limited from participating in the strategic direction, governance, and management of a company. The only option they have is through limited participation as a shareholder (where they pick their own boss and directors), or by registering as a sole proprietorship (usually after the age of 15) and taking on full liability and risk. Workarounds leave youth exposed to various risks and/or decrease their ability to set the direction of a company. Parents can become a director but they may lack the requisite understanding of how the business works, in which case a professional who does understand the business would need to be brought on board. But either option leaves youth and their ideas vulnerable due to a lack of IP/patent protection and the risk that the company is stolen, sabotaged, or participation is hindered. The option of not incorporating or operating as a sole proprietorship under the age of majority is similarly challenging, since, without the ability to enter into contracts, other business owners and customers are dangerously exposed financially and legally.

Evidently, it is time to come up with a viable solution that allows business owners under the age of majority to participate meaningfully in their own company while also ensuring that the proper protections are in place for these youths and the general public. There are a number of options that could be considered:

- Establishment of a national foundation or shared-platform entity that assumes sign-off responsibilities for all activities while temporarily absorbing a youth-led organization or initiative until full transfer is given to the youth upon reaching the age of majority (e.g. the shared platform process pioneered by Tides Canada Foundation that temporarily absorbs new projects that cannot yet support a full stand-alone charitable structure);
- Separate incorporation structure under the Corporations Act for a full or partial youth-led corporation (e.g. Community Capital Corporation in BC);

¹ <http://www.ey.com/gl/en/services/strategic-growth-markets/center-for-entrepreneurship-and-innovation---job-creation-youth-entrepreneurship-survey-2015>

- Provision for up to a certain percentage of board of directors seats to be controlled by youth under the age of majority;
- Lowering the age of majority for incorporation with certain levels of oversight and protection put in place; OR
- Trustee takes on a proxy role as director or signing officer until such time as the youth reaches the age of majority.

Despite a growing emphasis on spurring entrepreneurship and creating opportunities for Canadian youth, self-employment among individuals aged 15-24 stood at 11,400 in 2015, representing a decline of 9.5% from 2010 levels.² If more billion-dollar companies are to be started by young entrepreneurs here in Canada, and if we want to retain young entrepreneurial talent, we need to ensure our youngest and most ambitious youth are given the tools and protections to succeed.

THE CHAMBER RECOMMENDS

That the Provincial Government, working with the Federal Government:

1. Create a vehicle to allow entrepreneurs under the age of majority to legally participate in the management and governance of a company;
2. Investigate options to ensure the appropriate level of protections are put in place for youth and the public, with an emphasis on working with insurance providers on D&O insurance options; and
3. Based on level of participation and protection (if not full participation), develop a mechanism to transition at age of majority.

SUPPORTING THE LABOUR NEEDS OF TODAY AND TOMORROW - BC PROVINCIAL NOMINEE PROGRAM (2017)

Opening Statement

While immigration is a federal matter, provinces and territories have received a growing role in the selection of immigrants over the past two decades by way of bilateral agreements with the federal government. These bilateral agreements create Provincial Nominee Programs (PNPs) under which each provincial government has an annual nomination limit for the selection of foreign applicants best suited for that specific province/territory. Such applicants, if nominated, are provided expedited processing of their work permit and permanent residency applications. In some provinces, such as BC, the PNP allotments are continually over-subscribed, while in others it is under used. Further, the majority of settlement tends to be in large urban cores, which can lead to the stagnation/decline of rural areas and ongoing difficulty attracting workers to smaller centres.

Background

Two key factors will determine long-term growth in BC's economy: productivity performance, and the extent to which the labour force expands over time. The hurdles to achieving long-term growth include

² http://www2.gov.bc.ca/assets/gov/employment-business-and-economic-development/business-management/small-business/sb_profile.pdf
(see: page 37)

an ageing population, a low natural birth rate, and intense global competition for talent. A 2016 report found that BC will need an extra 20,000 to 32,000 skilled workers annually between 2017 and 2025 to fill projected job vacancies. As the natural birth rate—the lowest in Canada—declines, increasingly employers must look to foreign sources to expand the talent pool. In fact, in the not-too-distant future, immigration will be the only source of significant population growth.

Immigration, Refugees and Citizenship Canada (IRCC) handles large volumes of permanent and temporary resident applications across its extensive global processing network. The process of managing immigration files includes protecting the health, safety and security of Canadians. In collaboration with partners in the Public Safety portfolio as well as the Department of Justice and Health Canada, IRCC works to identify applicants who could pose security or health risks to Canadians. IRCC also works in partnership with other countries to mitigate risks and protect Canada from international threats.

Every foreign worker must obtain a work permit to legally work in Canada. The process by which a work permit is issued involves a complex employment confirmation scheme involving Employment and Social Development Canada (ESDC) and IRCC.

As a general rule, an IRCC visa and immigration officer is not authorized to issue a work permit to a foreign worker unless, in the opinion of the officer, there are insufficient Canadians or permanent residents who can fill the potential position.

Involvement of ESDC is a convenient way for visa and immigration officers to determine whether the employment of the foreign worker is justified given current labour market conditions. With a confirmation of a valid job offer and a favourable opinion known as the "labour market impact assessment" (LMIA) from ESDC – provided security and medical qualifications have been met - the visa and immigration officer will then issue a work permit to the foreign worker. The process generally requires consultation with the employer and ESDC, national advertising and/or recruitment efforts, substantial documentary support and possible involvement of other government agencies.

IRCC manages the permanent entry of foreign workers under the category of Economic Class, including programs such as Federal Skilled Workers, Live-in Caregiver, and Provincial Nominee (PNP).

According to IRCC, the PNP has four main objectives:

- increase the economic benefits of immigration to provinces/territories based on their economic priorities and labour market conditions,
- distribute the benefits of immigration across all provinces/territories,
- enhance Federal-Provincial-Territorial collaboration, and
- encourage the development of official language minority communities.

Provincial/territorial governments are responsible for:

- designing their PNP program and establishing the program requirements,
- recruiting and nominating the immigrants who will apply to their PNP, and
- monitoring, evaluating and reporting on their PNP.

In BC, the PNP is based on the federal nomination allocation and program processing capacity. In BC, the PNP has nomination categories that focus on different skills levels. Generally, the program can be broken down into the following broad categories, including:

1. Entry Level and Semi-Skilled (ELSS), which has a specific focus on supporting workers in the NorthEast development region of the province, and
2. High Skilled categories, such as:
 - a. skilled workers(regular and Express Entry);
 - b. international students (regular and Express Entry);
 - c. international students graduating with post-graduate degrees in the health, technology or applied sciences (regular and Express Entry); and¹
 - d. health care professionals: regular and Express Entry.

BC's nomination allocation has been increased upon request, being set at 3,800 for 2013, and increased to 4,150 for 2014 and 5,800 for 2015. For 2016, the allocation was 6,000 nominees, which is still higher than any other province. The provincial government requested an allocation of 9,000 nominations from the federal government for 2017 and has been approved for 6,000.

While the BC PNP has grown substantially in response to the provincial government's requests for additional nominations, program demand and provincial labour market needs continue to exceed the annual allocation of nominations. Further, the program lacks responsiveness to the staffing of large-scale projects of strategic importance to BC and Canada. Projects such as the large-scale LNG proposals have the potential to create a large surge in applications to the program, as experienced skilled overseas workers apply to immigration programs like the PNP to both train and work alongside Canadian workers for the construction and operations of the LNG projects.

Furthermore, an inability to expand the labour pool to sustain and grow economies creates a risk of long-term stagnation/decline for some communities. Three solutions help to align opportunities with applicants and to mitigating regional disparities:

1. Presently, not all provinces and territories are able to fully utilize their allocation. As has been done in the past, when it appears a full allocation may not be used, it makes practical sense that the forecasted unused allocation be transferred to another province/territory that is over-subscribed. This enables BC and Canada to be responsive to global as well as regional conditions;
2. BC already has innovative programs such as the provincial Health Match BC, which – through BC PNP - provides physicians and allied health care professionals with a direct and expedient route to obtain permanent residency status in Canada. There could be similar matching programs, such as for skilled technology workers, that could build on the momentum in key in-demand sectors and that can be distributed throughout the province; and
3. PNP applicants tend to cluster around high profile urban areas. For example, the vast majority of new immigrants in BC choose to live in the already capacity-stretched lower mainland. For example, since 2010, the Lower Mainland has received between 28,650 and 36,040 immigrants each year, while the rest of BC received between 2,906 and 2,283. Secondary migration is not specifically recorded, so it is unknown how mobile this population is over time. With such data, programs could be expanded/enhanced to attract applicants and/or landed immigrants to smaller centres in the province.

¹ This stream does not require a job offer.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Work with the Government of Canada to:
 - a. increase PNP's annual nomination limit to meet the labour requirements of large-scale projects of strategic importance and align with provincial economic trends; and
 - b. allow unused allocations to be transferred between provinces/territories;
2. Develop streams for other sectors, such as technology, engineering, and skilled trades;
3. Collect data on secondary migration patterns to support the attraction and mobility of immigrants to smaller centres throughout the province; and
4. Ensure that adequate resources are available to maintain effective BC PNP processing times.

SAFE COMMUNITIES AND STRONG ECONOMIES – MENTAL HEALTH AND ADDICTIONS IN BC (2017)

Opening Statement

Mental illness and addiction affect one in five people across Canada, significantly affecting business and the economy. Further, un- or under-treated mental illnesses and addictions are pervasive within the homeless population, which can lead them to present in anti-social ways, affecting public safety that can, in turn, affect local business. In addition, un- or under-treated mental illnesses and addictions complicates the transition of homeless into permanent housing and can lead to recidivism in offenders, increasing the costs of social housing and to our justice system.

Background

These consequences of un- and under-treated mental illnesses and addictions are substantive and can present themselves as rising levels of homelessness and crime, lost productivity, policing costs, and government spending. The report, *The Life and Economic Impact of Major Mental Illnesses in Canada 2011-2041*, estimates that cost of mental illness alone in Canada was \$48.6 billion in 2011. The Centre for Addictions and Mental Health lists the costs to our society, which include - on any given week - at least 500,000 employed Canadians are unable to work due to mental health problems and between 23 and 67 percent of homeless people report having a mental illness.

In BC, the Ministry of Health spends more than \$1.5 billion per year in mental health and substance use services and the Ministry of Children and Family Development approximately \$94 million a year to address child and youth mental health and substance use challenges in BC¹ Specific to illicit drug use, the Provincial Health Officer declared a public health emergency April 2016, due to the significant spike in drug overdose deaths.

The provincial government estimates that it costs our economy \$6.6 billion annually in lost productivity

¹ [BC Government Fact Sheet: Comprehensive mental health and substance use services in BC](#)

due to mental illness and addiction.² Further, the costs of increased policing – typically the first responder when someone becomes unstable or dangerous - is largely borne by businesses through high non-residential property tax rates, which in some regions can be five or more times residential. There are also costs that businesses must pay to ensure the safety of their clients and continuity of their businesses.

The Chamber appreciates that the Government of BC has also made it a priority to build a comprehensive system of mental health and substance-use services across the province. We are aware that the Ministry of Health has made investments totaling approximately \$1.42 billion in 2014/15, equating to an increase of 67 percent over the 2000/01 total of \$851.4 million. We can see that the provincial government has clearly taken many steps to address mental health and addictions issues across the province over the last three years, steps that include more funding, additional space, and capital investments.

On July 27, 2016, the Government of BC established a Joint Task Force on Overdose Response that is headed by Provincial Health Officer Dr. Perry Kendall and Clayton Pecknold, BC’s director of police services. The Task Force has representatives from the health and public safety sectors including BC’s Chief Coroner, representatives from RCMP “E” Division, the Vancouver Police Department and Vancouver Coastal Health Authority.³

The Task Force has identified priority areas such as better mental and emotional support for people who work on the front lines; expanded rapid access to opioid substitution treatment and the continuum of care; expanded and targeted law-enforcement strategies for fentanyl and carfentanil; continued expansion of access to naloxone; enhanced laboratory capacity and further support for the BC Coroners Service.

Although BC has increased mental health and addictions treatment resources, helping countless individuals, families, businesses, and communities, the issues related directly and indirectly to un- or under-treated mental illnesses and addictions are still on the rise, as are overdose deaths. BC currently has the highest per capita spending on mental health and addictions in Canada at \$230 per capita⁴ and yet the service demand is still not met.

The Chamber is confident the provincial government will continue to make priority investments in mental health and addictions, but questions whether the current service delivery model is effective. For example:

- Access to mental health and addiction services in rural/remote communities remains an issue for a variety of reasons, including a shortage of trained staff;
- There appears to be a lack of coordination between the Ministry of Health and BC Housing, which exacerbates the difficulty of providing housing, allowing individuals to slip through the cracks and end up back on the streets;
- There appears to be a “cherry-picking” approach to addressing un- or under-treated mental illnesses and addictions, largely flowing from funding streams and political priorities e.g. resources tied to a specific gender, age, ethnic profile and/or a specific diagnosis. This can reduce access for those suffering as well as complicate the overall bureaucracy;
- There is no single lead organization at the provincial-level, and as such, [service providers](#), e.g. social housing (emergency, supportive, etc), justice/law enforcement, health/mental

² [Healthy Minds, Healthy People: A Ten-Year Plan to Address Mental Health and Substance Use in British Columbia](#)

³ [Opioid Overdose: British Columbia’s Public Health Emergency, Written Submission House of Commons Standing Committee on Health \(October 6, 2016\)](#)

⁴ [Mood Disorders Society of Canada Quick Facts: Mental Illness and Addictions in Canada \(2nd Edition\)](#)

health/sexual health, income/employment, often work in silos and compete for funding, further challenging an already complex situation; and

- Recidivism for offenders as well as evictions from social housing are predominantly due to un- or under-treated mental illnesses and addictions, yet are managed by those in the justice system and by social housing providers rather than trained health care providers.

THE CHAMBER RECOMMENDS

That the Provincial Government ensures a sustainable, systematic approach to mental health and addictions prevention and treatment through:

1. Commissioning an expedited study – funded in BC Budget 2018 if not sooner - to re-design the current service model to include:
 - a. identifying a lead provincial agency to coordinate treatment programs across the province for un- or under-treated mental illnesses and addiction;
 - b. ensuring regional integrated teams are properly resourced to provide effective and assertive treatment and outreach; and
 - c. support and develop intervention in early and evolving mental health and substance use issues; and
2. Ensuring the work of the Joint Task Force on Overdose Response continues and is appropriately funded.

ACCELERATING DEVELOPMENT BY ALLOWING FOR OPTIMUM TIMING OF PAYMENT OF DEVELOPMENT COST CHARGES (2017)

Introduction

In the Local Government Act under section 559 (4), local governments may, by bylaw, impose development cost charges (“DCC”) upon approval of subdivision, or a building permit. Specially the act states:

559 (1) A local government may, by bylaw, for the purpose described in subsection (2) or (3), impose development cost charges on every person who obtains

(a) approval of a subdivision, or

(b) a building permit authorizing the construction, alteration or extension of a building or structure.

(2) Development cost charges may be imposed under subsection (1) for the purpose of providing funds to assist the local government to pay the capital costs of

(a) providing, constructing, altering or expanding sewage, water, drainage and highway facilities, other than off-street parking facilities, and

(b) providing and improving park land to service, directly or indirectly, the development for which the charge is being imposed.

(3) Development cost charges may be imposed under subsection (1) in a resort region for the purpose of providing funds to assist the local government to pay the capital costs of providing, constructing, altering or expanding employee housing to service, directly or indirectly, the operation of resort activities in the resort region in which the charge is being imposed.

(4) Subject to subsection (5), a development cost charge that is payable under a bylaw under this section must be paid at the time of the approval of the subdivision or the issue of the building permit.

For a single detached building permit, the DCC, depending on the municipality, is typically between \$15,000 and \$30,000. The requirement for payment of the DCC at subdivision or building permit stage, well in advance of closing of the sale and occupancy, results in a significant demand on cash flow, particularly for smaller construction/development companies.

Background

Under the Local Government Act, local governments may, by bylaw, impose development cost charges (“DCC”) upon approval of subdivision, or a building permit authorizing the construction, alteration or extensions of a building or structure. The DCC is to assist the local government to pay the capital costs of providing, constructing, altering or expanding sewage, water, drainage and highway facilities, other than off-street parking facilities, sidewalk curb and gutter and providing and improving park land to service, directly or indirectly, the development for which the charge is being imposed. As an example, for the City of Vernon, the DCC for a single detached (400m² or greater) building permit located in the area defined as “Core” totals \$22,253 and for the area defined as “outer” totals \$27,006.

Under section 559 (4) of the Local Government Act, the DCC must be paid at the time of the approval of the subdivision or the issue of the building permit. The time between the payment of the DCC and closing of the sale and occupancy can be many months, with the cost of carrying the early payment of the DCC being borne by the builder/developer.

In November of 2016, the Greater Vernon Chamber hosted an *Attainable Housing Forum* and brought together civic leaders and the local development community to engage in a conversation on ways to improve efficiency at the local government level so as to address the growing need for attainable housing. Among the many items discussed was the timeframe in which DCCs are required to be paid. It was noted that if the timing of the payment was closer to when there is an actual sale of the property and occupancy, there could be savings for the small developer by reducing financial charges related to paying the DCC well in advance of any return from the investment. The representatives of the City of Vernon were supportive of exploring options to optimize the timing of the payment of the DCC but noted there are bound by the legislation that entrenches when payment must occur.

In order to better align the timing and payment of the DCC with cash flow, amendments to the Act are sought requiring payment at a later stage in construction, for example at insulation inspection or issuance of an occupancy permit.

It is believed that municipalities would not be opposed to delaying the payment of the DCC until a later stage in the building or development process, closer to the time of completion of a sale and occupancy. Since the financial impact relates to the time-value of money, there would be minimal impact to ratepayers given the DCC is still paid. This change would be of particular benefit to small-mid size developers who would see a reduction in financial charges related to the actual payment of DCC and thus a better cash flow situation with revenue (sales) in closer alignment with costs incurred for the development. Developers have suggested that this adjustment in the timing of payment could result in a) a benefit to consumers by changing the timing of DCC payment and thereby the financing costs inherent in the current system that are borne by the developer and ultimately passed on to the property purchaser and b) a change in the timing of DCC payment and thereby the financing costs that could yield a greater return on investment for developers who would then be able to access greater equity for reinvestment in future projects resulting in economic growth.

As most newly built homes are insured, requiring an occupancy permit for their insurance, the DCC payments could be tied to the occupancy permit. Another possible option would be to allow the payment through installments at certain points of inspection (i.e. at insulation).

Under 559 (5) of the Local Government Act, the Minister may authorize the payment of DCC in installments. Under current legislation, BC Reg. 166/84, a developer may elect to pay DCC in installments for amounts \$50,000 or greater, and by local government bylaw on amounts less than \$50,000. Payment must be not less than 1/3 of the DCC at the time of approval of the subdivision or granting of the permit, 1/2 of the balance within one year after approval and the remaining balance within 2 years after the date of approval.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Consult with local government and builders/developers to explore the preferred and optimum timing of payment of DCC, such as at occupancy permit stage, in better alignment with the cash flow needs of industry;
2. If required, amend the Local Government Act to reflect agreed upon changes regarding the timing of payment of DCC; and
3. In addition to considering the optimization of the timing of DCC's, that all parties also consider the timing of payment as a potential incentive tool for affordable or rental housing.

CLOSING THE GAP BETWEEN NON-RESIDENTIAL AND RESIDENTIAL PROPERTY TAXES (2017)

Opening Statement

The Chamber has long expressed concern regarding local governments charging non-residential property owners some multiple over residential taxpayers, a practice that is not based on any concrete rationale, e.g. aligned with consumption of municipal tax-supported services. This practice affects business' ability to compete with other jurisdictions and remain viable, impacts that will only worsen as property values rise and municipal costs increase.

Background

Prior to 1984, the Government of BC regulated ratios between residential and other property classes. This restricted local government's ability to set arbitrary rates and restricted the difference between classes to between 2.6 and 3.5, depending on the class.

In 1984, the provincial government granted local government full autonomy in the setting of rates between the various classes. Property classes were then expanded to the current nine classes. This change allowed municipalities the maximum flexibility to allocate tax collection to distinct property types. In addition to the 1984 change, the *Community Charter*, introduced in 2003, provided local governments extensive control over the methods of tax collection and the services that they may choose to fund.

In some provinces, municipalities are free to set their own property tax rates without provincial involvement while in other provinces, the province is involved in the local tax structure through direct controls or limitations on what can be done. For example, in New Brunswick, each municipality sets its own local property tax rate but it is a provincial requirement that the non-residential municipal tax rate must be equal to 1.5 times the residential municipal tax rate. In Ontario, municipalities are permitted to set different tax rates (related to the residential rate) for different property categories although provincially set ranges of fairness limit a municipality's flexibility in setting differential rates. In Manitoba, except for Winnipeg where differential tax rates may be used, municipalities are not allowed to apply differential tax rates to different property types.¹

¹ [Property Taxes and Competitiveness in British Columbia, May 2012](#)

Property taxes actually refers to a range of components levied on behalf of a range of different authorities: municipal, school, regional districts, hospitals, transportation authorities, and others. Municipal property taxes are calculated based on BC Assessment's assessed value on specific properties, the municipal budgetary requirements, minus all other sources of funding. It should also be noted that while these are all levied at the local level, only municipal components are fully under the control of the local governments.

Property-tax rates vary by class of property: residential and non-residential, e.g. Industry, Business/Other,² Utilities, Supportive Housing, Farming, Non-profit, Recreational. The difference between residential mill rates and non-residential can be substantial; in Greater Victoria municipalities, the difference can vary from more than double to quadruple.³

The difference between residential and non-residential taxes is misaligned with the costs of providing services. In fact, studies have shown that non-residential property owners do not consume the tax-supported services of residential owners.⁴

The autonomy provided to local government, the variety of recipients of property tax, the setting of the tax rate, and the number of classes of property all lend themselves to a complex system that does not encourage openness nor transparency.

For example, after extensive reviews of publicly available information, the Greater Victoria Chamber of Commerce specifically asked each of its 13 municipalities in January 2017 why they charged non-residential property owners a ratio between two to four times residential (see annex). More than half responded, each acknowledging the practice of charging a multiple – without having a rationale why. One municipality has a higher Business/Other rate in comparison to others in the region because it wants to maintain a very low residential tax rate. Another has a policy of not linking its Business/Other rate with Residential, instead worked to ensure its Business/Other rate was lower than surrounding municipalities. Most pointed out the lack of control they have over the overall “tax bill” due to levies from other authorities. But not one explained why a business is responsible for a greater portion of property taxes than a resident.

The Government of BC needs to ensure property taxation is fair, transparent, and sustainable.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Provide control and oversight on the level of property taxation levied to all taxpayer groups to ensure fair, transparent, and sustainable taxation practices; and

² Business/Other includes store and commercial services, office/commercial space, shopping centers, hotels, storage and warehouses, and strata non-residential.

³ There is no publicly available information from the Ministry of Community, Sport and Cultural Development nor BC Assessment relating to the representative commercial property owner's taxes.

⁴ A 2007 report by MMK Consulting for the City of Vancouver found that, on average, residential properties in Vancouver paid \$0.56 in property taxes for each dollar of tax-supported services consumed, while non-residential properties paid \$2.42 for every dollar of tax-supported services they consumed.

- Commission a study by the Auditor General of Local Governments to assess municipal property taxation with the goal of developing a more sustainable structure related to value for money.

Annex – Greater Victoria 2016 Mill Rates (Residential and Commercial)

Municipality	2016 Residential Rate	2016 Commercial Rate	2016 Ratio	2015 Ave. Property Value ⁵	2016 Ave. Residential Taxes	2016 Ave. Business Taxes
<u>Central Saanich</u>	6.92889	16.20779	1:2.3	\$527,500	\$3,655	\$8,550
<u>Colwood</u>	6.7904	24.1616	1:3.6	\$435,700	\$2,959	\$10,527
Esquimalt	7.82484	22.73613	1:2.9	\$483,000	\$3,779	\$10,982
Highlands (SD ⁶ 1)	5.8950	20.9657	1:3.6	\$517,800	\$3,052	\$10,856
Highlands (SD2)	6.1517		1:3.4		\$3,185	
Highlands (SD3)	5.8578		1:3.6		\$3,033	
<u>Langford</u>	5.9665	17.8579	1:3	\$402,200	\$2,507	\$7,504
<u>Metchosin</u>	3.2499	11.4398	1:3.5	\$525,700	\$1,708	\$6,014
<u>North Saanich</u>	4.6147	19.8333	1:4.3	\$663,000	\$3,060	\$13,149
Oak Bay	6.0601	15.5345	1:2.6	\$785,900	\$4,763	\$12,209
<u>Saanich(SD1)</u>	6.40717	21.8305	1:3.4	\$544,500	\$3,489	\$11,887
<u>Saanich (SD63)</u>	6.36997		1:3.4	\$686,800	\$4,375	\$14,993
<u>Sidney</u>	6.19211	16.79481	1:2.7	\$453,600	\$2,809	\$7,618
<u>Sooke</u>	6.94079	18.07772	1:2.6	\$362,300	\$2,515	\$6,550
<u>Victoria</u>	6.8297	21.4646	1:3.1	\$547,200	\$3,737	\$11,754
<u>View Royal (SD61)</u>	5.83094	19.25562	1:3.3	\$509,200	\$2,969	\$9,805
<u>View Royal (SD62)</u>	6.08764		1:3.2		\$3,100	

REINSTATEMENT OF THE BUSINESS VOTE IN BC (2017)

Until 1993, a corporate vote existed in British Columbia municipal elections.

In British Columbia, businesses pay a significant portion of municipal property taxes, however businesses do not have the right to vote in the municipal election process. Businesses have become the silent taxpayers - essentially taxation without representation.

⁵ 2015 average single family dwellings (BC Assessment)

⁶ SD = School District

The fact that businesses have become the silent taxpayers has led to many municipalities levying an unfair burden of property tax onto their business community. The Chamber is concerned because studies suggest that business uses fewer services than residential and yet, they are paying so much more. As municipalities face increased infrastructure costs, the current system will encourage municipalities to conceal the true costs from the voting residential taxpayers by further increasing the inequity by saddling businesses with ever greater levels of property tax irrespective of their usage and ability to pay.

Business owners invest significantly in our communities - acquiring or leasing real property, employing our residents, supporting social causes, and making significant contributions to their communities. It is critical they have the right to vote in the municipalities in which they make significant investments.

We elect a municipal government to manage our public services (police, fire, economic development, transportation, education, utilities) and perform the planning and development of the industrial, residential and commercial zones.

All communities need an appropriate balance of residential and commercial activity to be successful. The decisions local governments make have to consider the future impact to all parties. Therefore, it is important that businesses have the ability to provide input and influence the election of municipal representatives, who will then determine the strategic plans and policies.

Further to this, local governments are able to levy tax on business irrespective of the profitability of the business. At the provincial and federal level, there is a focus on creating an environment conducive to economic growth. Without such an environment, businesses will not flourish and tax revenues will reflect this. Alternatively, municipal governments are able to levy property taxes irrespective of the businesses' success. At the federal and provincial level, where the ability to fund services is dependent on creating a positive environment for economic growth and prosperity, businesses are given the opportunity to play a central role in the decision making, this is not the case at the local level. A business vote ensures businesses are a central stakeholder in local government decision making.

There have been several projects that have proposed effective models, which would ensure fairness among businesses, equity for electors, and administrative workability. The key focus being a legitimate business, located in a municipality and paying business property tax.

In the past, this concept was debated and was not successful, specifically due to concerns over verifying voter eligibility and the 'one person, one-vote' concept. Residential property taxpayers currently have the right to vote both in the municipality where they reside, as well as in another municipality where they own property as a non-resident owner. They may only vote as a property elector for one piece of property in any municipality, regional district or school district. We recommend that a business who is paying business class property taxes, where the owner of the business is not a resident of the municipality, be permitted to have one vote on the same terms as residential property tax payers. In other words, if you have a business in one municipality and are a resident in another, you may vote in both jurisdictions.

The limited participation by business in the past has also been interpreted as insufficient public support to warrant the change. Business should have the right to vote, regardless of the preliminary number of businesses who choose to exercise that right.

Further to this concern, the Chamber also believes that the need for business to be represented in municipal elections has increased dramatically since 1998. Local governments are expected to provide an ever-increasing range of services through downloading from senior levels of government. The expansion of services provided by local government has a direct impact on the ability to meet the needs of the business community. Local governments are responsible to provide the foundation for economic growth as this is a key factor in a business' ability to attract workers, service customers, and expand their businesses. While these services are also of significant importance to the residents of a community, the significant difference is that residents of a community have the ability to hold their elected representatives to account through the exercise of their democratic right to vote— business has no such right.

THE CHAMBER RECOMMENDS

That the Provincial Government allows business a voice in municipal elections by working with the business community to introduce a business vote for business property taxpayers where the business operator does not reside in the same municipality where the business property is located.

REMOVING UNCERTAINTY FROM COMMUNITY AMENITY CONTRIBUTIONS (2017)

Issue

Community Amenity Contributions (CACs) are becoming a feature of development in the Lower Mainland. They have grown immensely, and seem poised to continue. The amount of CACs taken by the municipal sector can be high and it is growing. In a City of Vancouver report, it is noted that in “...2011 approvals of additional density secured approximately \$180 million in public benefit commitments.”¹ In 2014, one project was required to pay \$148 million in community amenities. Along the Cambie Corridor, the CAC charges are \$45 per square foot or \$33,750 for a 750-square foot apartment. According to the Union of BC Municipalities, in 2000, developer contributions (Development Cost Charges and CACs) to municipalities were \$100 million province-wide. This increased to \$720 million in 2010.²

When CAC's are negotiated and unpredictable, they can cause a number of issues:

- Affecting affordability by increasing the costs of development;
- Creating barriers to entry for small developers who don't have the capacity to amortize these costs and manage the process, and so reduce the diversity of development projects;
- Causing proliferation of red tape, as every municipality seems to want to take a unique approach to CACs;
- Can be treated as general revenue meaning the benefit is not always felt where the development is taking place;
- Risks creating the perception of abuse because the process is not transparent; and
- There is also a lack of equity and consistency with regard to how the CACs are negotiated.

Both affordability and economic development can be impacted by CACs. In terms of affordability, the

¹ City of Vancouver. 2011 Annual Report on Public Benefits Secured Through Approvals of Additional Density, <http://former.vancouver.ca/ctyclerk/cclerk/20120612/documents/cfsc-1b.pdf>.

² Union of BC Municipalities. Strong Fiscal Futures: A Blueprint for Strengthening BC Local Governments' Finance System, http://www.ubcm.ca/assets/Resolutions~and~Policy/Policy/Finance/LocalGovernmentFinance_Report_Web_Final.pdf, pg. 98.

Province notes that when large CACs are extracted, developers are forced to lower their bids for land and/or raise the price of units built. Many land vendors will not accept lower prices and will effectively remove their land from the market. This shrinks the supply of available, developable land and the number of units that can be built. As well as the direct cost of the CACs, limiting the supply of land and housing units in a province that is projected to grow 1.3% annually (1.6% in the Lower Mainland) undermines housing affordability in British Columbia indirectly, which is already the most unaffordable province in Canada.

CAC negotiations can delay the construction of new projects and jobs. MNP Consulting, in 2013, outlined the economic impacts that the development industry has in BC³ Table 1-1 summarizes the economic impacts as a whole.

Table 1-1: BC Property Development Industry – Total Economic Impacts (2012)

	Output (\$ millions)	GDP (\$ millions)	Employment (FTEs)	Federal Tax (\$ millions)	Provincial Tax (\$ millions)	Municipal Tax (\$ millions)
Direct	20,400	8,166	106,876	639	670	634
Indirect and Induced	14,664	8,812	114,668	850	553	159
Total	35,064	16,978	221,544	1,489	1,223	793

Because this tax is paid by a very small constituency, and has mostly indirect effects, the risk of exploitation is high and the need for careful implementation is clear.

Why CACs

Distinct from DCCs, CACs are attached to re-zoning applications. They are justified as necessary to support a range of facilities that are excluded from consideration in DCCs, including new parks, community facilities, public art, affordable housing, daycare, etc. CACs mean these are paid for by development, not by the tax base. They are, in many cases, explicitly a way for the municipality to acquire some of the value created by up-zoning of property.

DCC by-laws must be approved by the province and are allowed only to cover specific costs. There is a detailed provincial *Development Cost Charge Best Practices Guide* for municipalities and the industry that is over 100 pages.

CACs arise through municipal discretionary powers in re-zonings. Councils have the right to review the impacts of projects when assessing them and what developers offer to mitigate those impacts. This discretionary power has evolved into CACs. There is no legislation or detailed best practices guide for CACs, so there are a variety of municipal policies and approaches. They are set on a fixed rate, or negotiated individually.

Fixed Rate CACs

The methodology for establishing the fixed rate CACs varies. The development industry supports needs

³MNP Consulting, June 2013. Economic Impacts of the BC Property Development Industry,

<http://www.udi.bc.ca/sites/default/files/publications/policy/UDI%20Economic%20Impact%20Study%20Final%20Report.pdf>

based assessment:

- The impacts of growth are identified;
- The community infrastructure (beyond DCCs) needed to mitigate those impacts is determined;
- The costs of this community infrastructure is estimated; and
- Costs per unit, or per square foot for developers is established.

For example, Coquitlam charges a \$3 per square foot CAC, based on this approach, for a community centre in the Burquitlam area that was identified by the community as a need. Surrey conducts a similar needs assessment for new development areas through its Neighbourhood Concept Plan process.

More problematic are revenue-based approaches: “land value increase” and “land lift”. The land value increase approach is determined by the per square foot value of land in an area and the project is charged a percentage (e.g. 35%, 50%, 65%, 75%, or 100%) of that value for the additional density allowed. The land lift approach uses the increase in land value from a re-zoning. Again, the municipality takes a percentage of the increase in value. The land lift calculation is particularly difficult to assess and negotiate, as developer pro formas can be several pages long with dozens of line items, each one debatable in terms of its value. In many instances, the developer and/or the land vendor is not allowed any share of the benefits of a re-zoning. Neither approach links development impacts with the fees charged.

Negotiated CACs

CACs that are fixed rate are preferred for their transparency and timeliness, whereas negotiated approaches can be problematic because of the risk and time they add to a project. It has been reported that some projects have taken multiple years of negotiations with municipal staff to determine the suitable zoning and on/offsite amenity contributions. Negotiations for small projects have also been difficult due to lengthy negotiations with municipalities on CACs.

The negotiations are often highly subjective and inconsistent on a square footage basis. In some municipalities, a comparison of major projects has resulted in negotiated CAC’s ranging from \$6 to \$38 per square foot, without reasonable explanation for the differences.

Additionally, due to a lack of standards, there have been municipal council decisions on CACs that are not necessarily in the best interest of the community and its amenity needs.

Province’s Guide on CACs

In March 2014, the Province released a high-level guide called *Community Amenity Contributions: Balancing Community Planning, Public Benefits and Housing Affordability*. It addresses the legality of CACs and their impacts on housing affordability. The guide also includes recommended best practices.

The Province is concerned about the legality of some municipal CAC approaches, as there is no clear legislated authority to charge CACs. In addition, section 931 of the *Local Government Act*, “... includes a number of restrictions on fees, charges and taxes that can be imposed on development applications. One provision of particular importance to rezoning applications is subsection (6).

(6) ‘A local government, the City of Vancouver or an approving officer must not

(a) impose a fee, charge or tax, or

(b) require a work or service be provided

(c) unless authorized by this Act, by another Act or by a bylaw made under the authority of this Act

or another Act.”

The guide recommends that local governments pre-zone areas with density bonusing. Under Section 904 of the *Local Government Act*, municipalities are allowed to do this to fund growth-related amenities. With density bonusing, zoning bylaws are written to allow “... a developer to build either to the “base” density or to a higher level of density, if they provide certain amenities or affordable housing, or meet other specified conditions.” Some local governments are wary of using this power because it limits the flexibility they enjoy through the rezoning process.

The Province’s guide directs local governments to ensure that their density bonusing and CAC policies:

- Are a planning tool, not a revenue tool, and that CACs be modest;
- Follow the principles of the Development Cost Charge approach, in which growth impacts, and amenities/capital infrastructure to mitigate those impacts are determined and cost out, so clearer financial targets for projects can be determined; and
- Not base CACs on ‘land lift’.

The development industry and business groups generally support the targeted density bonusing/CAC approach in the Province’s guide. Nevertheless, there is no assurance that the guide will be followed, or little assurance regarding how the Province will monitor if local governments are following the guide.

All of the above point to the need for a complete overhaul of the CAC rules and the need for provincial government intervention.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Introduce a robust ongoing monitoring program to ensure that its *Community Amenity Contributions: Balancing Community Planning, Public Benefits and Housing Affordability Guide* is being followed; and report its findings every year;
2. To the extent that non-compliance is identified create, in consultation with stakeholders, legislation on CACs and similar mechanisms that;
 - a. ensure compliance with the Guide in implementation including transparency and mechanism will be adhered to; and
 - b. minimize the effect on affordability/viability for all redevelopment sites; and
3. Develop with stakeholders a detailed Best Practices Guide for CACs and density bonusing similar to the *Provincial Development Cost Charge Best Practices Guide* that would support the above legislative framework.

RENT CONTROL POLICY: ALLOWING MUNICIPAL CONTROL OF MAXIMUM ALLOWABLE RENT INCREASES (2017)

A low vacancy rate for residential rental accommodation can be a significant barrier to employment, particularly in locations that have high home ownership costs. Employers who hire for short-to-medium durations are especially constrained by a lack of suitable rental stock, created (in part) by rent controls.

Rent control has been – and continues to be – a widely debated topic. Economists and business advocacy groups generally take a position against rent controls, while socially-minded advocacy groups generally stand in support of controlling residential rents. The former groups argue that rental housing stock decreases in both quantity and quality under rent controls; the latter groups argue that lower income individuals require protection from market effects.

Rent control policies vary widely, with controls in British Columbia falling under the general category of “second generation”, where rents are initially freely negotiable, but limited in the amount a rent can increase during continuous occupancy. Landlords are able to increase rent to prices the market will bear, but only for new renters who enter into a rental agreement for vacant units, a practice common referred to as rent decontrol (Saskatchewan Chamber of Commerce, 2011).

British Columbia's Residential Tenancy Act (RTA) contains several protections for renters including (but not limited to) controls on tenancy agreements, security and damage deposits, dispute resolution, site inspections, discrimination, notification and maximum allowable rent increases. The Residential Tenancy Branch is a large government bureaucracy created to assist renters and landlords with compliance via information and rent-related services (Government of British Columbia, 2014).

Section 37 of the Residential Tenancy Policy Guideline outlines the details of the maximum allowable rent increase, specifically: proper written notice periods (3 months in advance of increase), frequency of increases (limited to annual increases for continuous occupants), and maximum annual increase. The allowable increase is held to the inflation rate plus 2%. The inflation rate is based on a 12 month average percent change in the all-items consumer price index for BC. The BC system does allow landlords to apply for exemptions on a case-by-case basis (Government of British Columbia, 2012).

The current limits on allowable rent increases (inflation +2%) effectively creates a disincentive for the production of new rental housing stock by creating large opportunity costs (the cost of the foregone alternative) for builders/developers. The limit artificially depresses the most important determinant of long-run profitability and returns on investment – rents. Developers have much greater opportunity to maximize returns on their investment in properties that generate revenue based on market pricing (e.g. sales of single family homes and condominiums), therefore, it contributes to – rather than mitigates – the rental accommodation supply/demand problem (Miller, Benjamin, & North, 2014).

The Provincial system in BC is neither sensitive to localized issues of supply and demand for rental units, nor does it differentiate affordable housing from premium accommodations. For example, the CMHC 2016 Housing Market Outlook for Kelowna shows that the rental apartment vacancy rate is expected to drop from 0.7% in 2015 to 0.5% in 2016, and then rise only slightly to 1% in 2017 from the construction of new rental units. The availability of other types of rental units (e.g. condominiums, secondary suites,

carriage houses, etc.) are expected to keep rent increases for purpose-built rental apartments in line with or below the general rate of inflation. (Canada Mortgage and Housing Corporation, 2016).

The Policy and Planning Department, City of Kelowna, published the results of a Rental Developer/Landlord Consultation process in conducted in 2010. The purpose of this study was to gain insight into Kelowna's rental accommodation marketplace, and key perceptions of private-sector developers, for what should be improved upon or changed. In this report, 25% of developers surveyed cited rent controls as an economic barrier to building/operating rental housing developments, and further, that rent controls on units from the Residential Tenancy Branch played a role in preventing landlords from maintaining their rental stock (McEwan, 2010).

Municipalities do have tools to encourage private sector investment in purpose-built rental accommodations, including various financial incentives, reduced development cost charges, and relaxation of density and other infrastructure requirements (e.g. parking ratios). But with Provincial control over rent pricing – the key determinant of long-run profitability for developers of rental properties – municipalities are significantly constrained in their ability to create an attractive environment for local development of residential rental property. Accordingly, municipalities are inhibited from responding to local cost of living and supply/demand conditions with a full package of incentives for private-sector developers to increase rental housing stock, where needed.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Allow municipalities to formally choose one of two options:
 - a. follow the existing provincial policy re: maximum allowable rent increase restrictions; OR
 - b. determine, use and enforce their own maximum allowable rent increase amounts above the provincial policy;
2. Maintain all other aspects of existing rent control policy as a provincial jurisdiction for all other areas, irrespective of (i) or (ii).

REFERENCES:

- Canada Mortgage and Housing Corporation. (2016). *Housing Market Outlook: Kelowna CMA*. Ottawa: Government of Canada.
- Government of British Columbia. (2012, March). Retrieved February 2, 2014, from Residential Tenancy Policy Guideline, 37. Rent Increases: <http://www.rto.gov.bc.ca/documents/GL37.pdf>
- Government of British Columbia. (2014). *Residential Tenancy Branch*. Retrieved January 30, 2014, from <http://www.rto.gov.bc.ca/>
- McEwan, J. (2010). *City of Kelowna Rental Developer/Landlord Consultation*. Kelowna: City of Kelowna.
- Miller, R. L., Benjamin, D. K., & North, D. C. (2014). *The Economics of Public Issues 18th Ed*. New Jersey: Pearson.
- Saskatchewan Chamber of Commerce. (2011). *Issue in Focus - Rent Control in Saskatchewan*. Retrieved January 30, 2014, from Saskatchewan Chamber of Commerce: www.saskchamber.com/files/.../Rent%20Control_Final_Sept%2010.pdf

SUPPORTING BC'S GROWTH AND ECONOMY: MODERNIZATION OF REGIONAL DISTRICTS (2017)

Opening Statement

Regional governments play an important role in our communities by delivering regional services where a

regional service is appropriate and providing local level governance and service for unincorporated areas within its boundaries. As urban centres grow, and municipalities' residents and businesses increasingly become inter-dependent, the importance of regional services increases, both in terms of type and complexity, e.g. transportation infrastructure, air-quality management, and sewage. However, regional governments can be rendered unable to act without voluntary buy-in from the municipalities. Without effective regional governance and service delivery, businesses experience increased costs - in terms of dollars, time and energy – to operate in more than one municipality and services are duplicated and inefficient or not provided at all.

Background

In 2003, municipal governance was modernized with the *Community Charter*, which set out principles for municipal-provincial relations and gave municipalities' direct authority and accountability in regards to governing their respective municipalities.

Regional districts were created in 1966, and were intended to manage issues that transcended municipal borders and to be the local government for the 95 percent of the provincial land area that was outside of municipal boundaries. The *Local Government Act* describes the Corporate Power to make agreements respecting a wide array of services, regulation and property. In practice, regional districts provide services through authority derived from the *Local Government Act*, letters patent and - since the late 1980s - through Service Establishment Bylaws.

The purpose of regional districts is three-fold:

1. they are regional governments that deliver regional services;
2. they are inter-municipal and provide a political and administrative framework for the delivery of services on a partnership basis; and
3. they can offer local government services for unincorporated areas.

This policy resolution focusses specifically on the first, regional districts' ability to effectively and efficiently deliver regional services, particularly in urban settings.

Today, there are 162 municipalities in BC, plus 29 regional districts. Since regional districts were implemented, the municipal landscape has changed: the population has dramatically increased and urban areas have expanded. Most regional districts inhabit primarily unincorporated rural areas (electoral areas). However, some are in urban areas where the municipalities are largely adjacent and things have changed. For example, Greater Victoria area has 13 municipalities (the majority of the Capital Regional District, minus the Gulf Islands) and Metro Vancouver has 21 municipalities.

The Capital Regional District (CRD) and Metro Vancouver have been in the past considered regional district anomalies because of their highly-populated urban areas. In these two districts, the regional governments primarily provide fully regional services like water supply and air quality management. In contrast, less populated regional districts are more focused on providing local services like planning, and fire protection. Both the CRD and Metro Vancouver share regional problems typical of growing urban settings, including transportation, homelessness, water and wastewater management, policing and fire protection, property taxation and land use.

Today, CRD and Metro Vancouver are no longer anomalies. Areas of BC are growing and other regional

districts are quickly finding themselves in the same/similar predicament as the CRD and Metro Vancouver, including the Regional District of Central Okanagan, Regional District of Nanaimo, Regional District of Fraser-Fort George and North Okanagan Regional District.

The current legislation allows specific municipalities to opt in and out of services and requires any changes to be accepted by a weighted majority of the parties. This sets the stage for at best inaction, if not conflict, with municipalities acting against regional interests thereby rendering the regional district unable to act, such as what was seen in the CRD's 50-year path to sewage treatment.

There are also many large and small areas where the regional district model does not meet the needs of taxpayers. For example, Section 375 of the *Local Government Act* does not specify or provide any information on the scope or type of public consultation during the development of financial plans. As such, it is left up to the regional district how much – or how little – taxpayers are consulted.

The regional district enabling legislation requires modernization to keep our economy strong and to maintain – if not further enhance – the quality of life of which British Columbians are so proud. Although there have been incremental changes to the governing legislation for regional districts over the past 50 years, it is time for a comprehensive review to align regional governance with BC's growing communities.

THE CHAMBER RECOMMENDS

That the Provincial Government modernize regional district-related legislation by providing:

1. A clear mandate for certain regional districts that should have sole responsibilities for some specific municipal services;
2. Transparency, such that regional districts are transparent in regards to taxation, ensuring citizens and businesses alike are aware of how much they are paying and for what; and
3. governance in the public interest, such that regional districts have the authority to act in the best interests of the region and to deliver their mandate.

MARIJUANA AND THE WORKPLACE: ENSURING THE SAFETY OF WORKERS AND BUSINESSES (2017)

Introduction

Drug impairment on the job is a complex challenge for employers at the best of times. With the pending legalization by the federal government of recreational marijuana usage, employers are reviewing what they know and what they need to know to be prepared. With that purpose at the forefront, these recommendations encompass general and specific requests for clarity and guidance for employers large and small, unionized or not, safety-sensitive or not.

Background

A preliminary review of recent (within the past 5 years) and relevant (Canadian) literature (including peer reviewed academic literature) reveals three general foci: adolescent usage concerns, non-alcoholic drug-impaired driving, and accommodation for medical marijuana usage. Workplace research is minimal and

tends to be reliant on case law findings arising from appealed dismissals.

The recently released report of the Task Force on Cannabis legalization and Regulation, “A Framework for the Legalization and Regulation of Cannabis in Canada,” likewise concerns itself with adolescence and impaired drivers. The section on workplace safety is 1½ pages and from which, three of the Task Force’s 83 recommendations are relevant:

- Facilitate and monitor ongoing research on cannabis and impairment, considering implications for occupational health and safety policies,
- Work with existing federal, provincial and territorial bodies to better understand potential occupational health and safety issues related to cannabis impairment, and
- Work with provinces, territories, employers and labour representatives to facilitate the development of workplace impairment policies. (P. 29)

In April, the federal government introduced Bill C-45 respecting cannabis and set out the purpose of the Act as to protect public health and public safety, but did not specifically refer to the workplace.

In BC, both the BC Human Rights Code¹ and WorkSafe BC have bearing on employment guidance. In the Human Rights Code, there is no specific definition for impairment; however, Section 13 (1) states “A person must not (b) discriminate against a person regarding employment or any term or condition of employment because of ... physical or mental disability... ; nor can any person discriminate in regard to accommodation (Section 8) based on physical or mental disability without reasonable justification.” This is relevant to marijuana usage as drug dependence (addiction) is considered a disability.² Accommodation is required up to the point of undue hardship, where the cost of reasonable and practical steps are too difficult or expensive.³ The bar for employers to prove this is very high.⁴

Worksafe BC provides some guidance:⁵

4.20 Impairment by alcohol, drug or other substance

- (1) A person must not enter or remain at any workplace while the person's ability to work is affected by alcohol, a drug or other substance so as to endanger the person or anyone else.
- (2) The employer must not knowingly permit a person to remain at any workplace while the person's ability to work is affected by alcohol, a drug or other substance so as to endanger the person or anyone else.
- (3) A person must not remain at a workplace if the person's behaviour is affected by alcohol, a drug or other substance so as to create an undue risk to workers, except where such a workplace has as one of its purposes the treatment or confinement of such persons.

Note: In the application of section 4.20, workers and employers need to consider the effects of prescription and non-prescription drugs, and fatigue, as potential sources of impairment. There is a need for disclosure of potential impairment from any source, and for adequate supervision of work

1 BC Human Rights Code http://www.bclaws.ca/Recon/document/ID/freeside/00_96210_01 and <http://www.bchrt.gov.bc.ca/human-rights-duties/index.htm>

2 Lynch QC, Jennifer. Human Rights and Employer Responsibility to Accommodate Disability in the Workplace, *Visions: BC's mental Health and Addictions Journal*, 2009, 5 (3), pp 9-10. <http://www.heretohelp.bc.ca/visions/workplaces-vol5>

3 <http://www.bchrt.gov.bc.ca/glossary/index.htm#undue-hardship>

4 Bhalloo, Shafik, and Alisha Parmar. Medical Marijuana in the Workplace—Don't Weed Out Your Employees Just Yet! *The Advocate*. 74, 2016. Pp 687-696

5 <https://www.worksafebc.com/en/law-policy/occupational-health-safety/searchable-ohs-regulation/ohs-regulation/part-04-general-conditions#SectionNumber:4.20>

to ensure reported or observed impairment is effectively managed.

While various guidelines exist and templates can be found for employers to use to develop onsite alcohol and substance use policies, (with caveats in the literature regarding which ones would be better), what is lacking in all the literature is clarity in definitions and clear guidelines for employers.

There are two separate issues to consider: medical marijuana users and recreational usage on the job. For medical marijuana, the rules are quite clear regarding accommodation. Insofar as an employer can, those with appropriate medical documentation are accommodated and only actual impairment at work, not usage, would be grounds for further action up to dismissal. The challenge is determining what constitutes impairment.⁶ Under current federal criminal law, the Marihuana for Medical Purposes Regulations (MMPRs), the required document, similar to a prescription, must:

129. (1) A medical document provided by a health care practitioner to a person who is under their professional treatment must indicate

- a) The practitioner's given name, surname, profession, business address and telephone number, facsimile number and email address, if applicable, the province in which the practitioner is authorized to practice their profession and the number assigned by the province to that authorization;
- b) The person's given name, surname, and date of birth;
- c) The address of the location at which the person consulted with the practitioner;
- d) The daily quantity of dried marihuana to be used by the person, expressed in grams; and
- e) The period of use.⁷

For medical marijuana usage, therefore, the challenge for an employer is to determine whether the documentation and allowable amounts can lead to impairment up to the point, as expressed by WorkSafe BC, of undue risk. This does not address potential decreased productivity, the impact of usage and/or accommodation on other employees, and the overall costs of accommodation even if not up to point of undue hardship. What employers and employees need is a workable definition of impairment, and a tool to assist in determining impairment, such as a universally applicable checklist for non-medically trained supervisors. Further, employers and employees, particularly those without an in-house Human Resources department – such as small and medium sized entities – would greatly benefit from having a readily identifiable regulatory authority that could provide consistent, standardized documentation and up to date information.

Recreational users (legalized or not) would be treated as other substance users and potential abusers, according to the literature.⁸ However, again, it is the level of impairment, rather than usage itself, that provides grounds for employer action up to and including dismissal. Key to whether employers have any sway is the existence of written policies outlining a clear statement of drug usage on the job, the levels of graduated disciplinary steps, and an invitation for disclosure with accommodation considered. Recreational users may or may not be addicted – a determination that is difficult without self-disclosure; and addiction is considered a disability requiring accommodation. Until that point, an employer's "duty to accommodate does not extend to the point of accommodating an employee that is not properly

6 Brown, Shelley. Road Map to Weed in the Workplace: legal Considerations as Legalization Approaches. Canadian HR Reporter; Oct 31, 2016. 29, 18 ProQuest. P.16

7 Bhalloo and Parmer, The Advocate. P.688

8 Brown, Road Map. P.16

medically authorized.”⁹

There are many guides and helpful suggestions available online. What is lacking, however, is clarity for employers along with guidance that provides assurance that the information by which they operate is best practice and in line with existing and anticipated legislation.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Work with the Federal Government to ensure the consistency and standardization of regulations across all provinces and territories;
2. Identify the appropriate provincial regulatory authority and develop regulations concerning the use of medical marijuana in the workplace and its impact on health and safety procedures in conjunction with the implementation of federal legislation; and
3. Consult with industry, business and their representative associations to identify standardized policies and processes to deal with medical marijuana requirements and recreational usage that may lead to impairment in the workplace.

COUNTERING COSTLY CYBERCRIMES (2017)

Introduction

The cost of cyber crime perpetrated on businesses is rising. However, there is insufficient data to determine accurately what those costs are. When asked at a recent cyber crime dialogue if the attendants knew where to report a cyber crime, most did not. Canada does have websites where business can report a breach of their data, however, it is not well known. Businesses need to report cyber crime and provide the data that the federal agencies require to accurately measure the costs and develop strong counter-measures. Conversely, the federal agencies could and should do more to engage businesses as part of their planning and outreach strategies, and promote their webpage for reporting cyber crime through education and awareness campaigns.

Background

The fact that cyber crime is on the increase is indisputable. What becomes challenging is measuring the impact on Canada’s economy. Published only a year ago, PricewaterhouseCoopers economic crime survey found 59% respondents believe cybercrime is on the rise, with 28% confirming they’ve been impacted in the previous 24 months. Losses ranged between \$50,000 to \$5M for 16% of respondents, with another 31% losing anywhere from \$1,000 to \$50,000. Those tipping over \$1M have increased to 12% from 5% in 2014.¹

⁹ Bhallo and Parmer, The Advocate. P.691

¹ Global Economic Crime Survey 2016. www.pwc.com/ca/crimesurvey

SOCIAL DEVELOPMENT AND POVERTY REDUCTION

Norton Cyber Security Insights Report 2016 states that \$1.9B (USD) was lost to cybercrime in Canada in the previous year with 26% (8.5 million Canadians) affected.² Another private security firm predicts cybercrime will cost more than \$2.1T (yes, T for trillion) by 2019 with 60% of the breaches occurring in North America.³ The Association of Certified Fraud Examiners puts it at \$3.5T globally, now.⁴

Symantec reports that security breaches are up 2% in 2016 from 2015 with more than 10 million identities exposed, a huge 125% increase from the previous year. 62% of the business victims were small to medium enterprises. Customer details are the targets putting many individuals at risk for fraud or worse.⁵ Start-ups are most vulnerable as a data breach recovery averages \$38,000; with intellectual property and trade secrets compromised. Bankruptcy looms for those who lose much.

Even governments are not safe. Since 2010, Public Safety Canada has spent \$245 million on defending government computer networks, safeguarding critical infrastructure and educating the public. Currently, there are no federal laws that require companies to disclose hacks, security breaches, thefts of data or money, so the general public has incomplete knowledge of which companies have been compromised. There are several models used elsewhere which can be adapted for Canada. For example, Australia's ACORN program (Australian Cyber Crime Online Reporting Network) collects citizen complaints so that police and industry can monitor trends, thwart organized criminal groups and arrange incidents for further investigation.

Canada does have a Spam Reporting Centre, which is hosted by the Canadian Cyber Incident Response Centre (CCIRC), and a government operated Canadian Anti-Fraud Centre (CAFC), but neither is equipped to handle the exploding array of cyber-scams and malware that are targeting home and business computers.⁶ Recently, the Canadian Association of Chiefs of Police (CACP) and the Canadian Advanced Technology Alliance (CATAAlliance) joined forces to create the Electronic Crime Committee (ECC) to develop a national cybercrime strategy for Canada,⁷ which will begin to address the need for data and a more coordinated approach with law enforcement agencies. As an advisory body, it does not have legislative powers to effect necessary changes to protect Canadian businesses, though its work will no doubt be of value in the future.

The RCMP has a cybercrime strategy (2015)⁸ defining cybercrime in two categories: technology-as-target (the unauthorized use of computers and/or data, including identity theft, scams, phishing, etc.), and technology-as-instrument (criminal usage including fraud, drug trafficking, cyber-bullying, exploitation, etc.). Their data is collated accordingly as the number of incidences reported in each category. The RCMP has a broad mandate for investigating cybercrime including coordinating with local police forces and international agencies. As part of their action plan, #8 identifies the need to enhance the Canadian Anti-Fraud Centre (CAFC) "as a trusted data and intelligence source on financially-motivated cybercrimes," and "improve victim-based reporting" to improve police information sharing on cybercrime activities and trends, "including potential links to National Police Services." Action items #9 and #10 are similarly seeking coordination of data collection across agencies. As not all incidents are reported or recorded, the true

2 <https://us.norton.com/cyber-security-insights-2016>

3 [https://www.canadiansecuritymag.com/news/data-security/cybercrime-will-cost-businesses-over-\\$2-trillion-by-2019](https://www.canadiansecuritymag.com/news/data-security/cybercrime-will-cost-businesses-over-$2-trillion-by-2019)

4 <http://www.mnp.ca/en/posts/7-shocking-statistics-on-small-business-data-theft>

5 <http://www.mnp.ca/en/posts/7-shocking-statistics-on-small-business-data-theft>

6 Canadian Cyber Incident Response Centre. <https://www.publicsafety.gc.ca/cnt/ntnl-scrct/cbr-scrct/ccirc-ccric-en.aspx>

7 <https://www.cacp.ca/electronic-crime-committee.html#122>

8 <http://www.rcmp-grc.gc.ca/en/royal-canadian-mounted-police-cybercrime-strategy>

SOCIAL DEVELOPMENT AND POVERTY REDUCTION

impact of cybercrimes has yet to be measured by anyone, including those charged with investigating criminal activity in cyber-space.

To conclude, the research is not consistent on cost or number of incidences in Canada as this data is not fully tracked and not all breaches are reported. It is safe to guestimate that cybercrime has cost the Canadian economy up to \$3.12 billion dollars annually (Huffington Post, quoting NORTON, 2013). The time taken (averaging 19 hours for individuals, according to Norton) to deal with an incursion as well as the cost to salvage data, the cost to develop a more secure system, the cost to update employee training to avoid further breaches, and ultimately, the cost to a business's brand as client trust is lost along with their data, is incalculable. Cybercrime has become a barrier to economic growth.

THE CHAMBER RECOMMENDS

That the Provincial Government and Federal Government work collaboratively with stakeholders and business to:

1. Strengthen and promote the Canadian Cyber Incident Response Centre (CCIRC) and the Canadian Anti-Fraud Centre (CAFC):
 - a. as collectors of data including type and number of incidences;
 - b. to develop awareness and education strategies for businesses in a format that is easily accessed and understood; and
 - c. to pro-actively engage businesses and the public in awareness and education campaigns;
2. Ensure that the newly formed Electronic Crime Committee (ECC) includes business association representatives to assist with communications and outreach strategies to businesses;⁹ and
3. Invest in additional resources required to increase the RCMP's ability to investigate and prosecute criminal activities with collaborating investigative agencies and local authorities.

RCMP THE LINE OF FIRST DEFENCE AND RESOURCE OF LAST RESORT (2017)

Opening Statement

It is a fact that RCMP costs are the highest line item cost in most municipalities throughout the province. These costs have become onerous on small communities and at the same time the members in small town detachments are overwhelmed and overworked.

In order to seek a solution as to how we can support RCMP detachments we need to examine a number of factors contributing to the stresses on the RCMP today.

Issues

Financial Resources

⁹ As per the RCMP Cybercrime Operational Framework: E5 "Engage industry to address shared cybercrime issues and foster mutually beneficial relationships." <http://www.rcmp-grc.gc.ca/en/royal-canadian-mounted-police-cybercrime-strategy>

SOCIAL DEVELOPMENT AND POVERTY REDUCTION

Putting more money into the system would help but cannot be sustained by the municipalities given the funding system that exists in the province today.

Communities are expected to make the following contributions to the overall cost of the RCMP services. Rural and unincorporated areas pay less than 50% of the cost, small towns (5,000 to 15,000) have to pay 70% of their costs and communities over 15,000 have to pay 90%. The remainder is paid for by the Provincial and Federal Governments.

Weaknesses in this formula include:

- Municipalities support the RCMP by taxing property. These taxes become a huge drain on property owners and hence businesses, especially in towns where there is no industrial tax base. This is not sustainable;
- This formula does not address the actual policing capacity needed in a community;
- There is no equality in who pays how much. Unincorporated areas only have to pay 50% of their policing costs. There is no desire for rural areas to amalgamate with adjacent larger communities as the tax hike for policing is so high;
- An integrated detachment then has to track costs for three different agencies; and
- The RCMP has seen a growing protest across the country amidst calls for fair compensation, with Mounties speaking out against the pay discrepancies between RCMP and municipal forces.

In the Terrace area where the First Nations population is about 40% there is only one member assigned as a liaison person to address First Nations issues. The Federal Government needs to ensure that our First Nations have the support they require.

Productivity

Enforcing the rule of law is fundamental to sustaining the safety of our communities. Rising costs have to be examined to determine that delivery of the service that is expected of the RCMP today is done in a productive manner. Examination of in-house bureaucratic requirements needs to take place and the interaction of the RCMP and social services need to be more closely harmonized and streamlined.

In the northern half of the province, staffing levels have not changed for many years. In the interim, demands on staff time have increased exponentially; more paperwork, more training to meet new standards, but particularly more time spent to fulfill the social needs of our changing communities. Examining the productivity of the force is necessary.

This productivity is eroded by a myriad of forces, such as the tangled contractual system between federal, provincial, municipal and rural models of delivery and funding.

Role of the RCMP in communities today

What was in the past a role to be played of enforcing the law has now expanded to support the social needs of a community. There is an expectation today that the RCMP are to be there for those of our society who desperately need support but have fallen through the cracks of the myriad of unintegrated social service agencies.

Due to a lack of resources devoted to the social sector, in particular social services targeting mental health, the RCMP have become the resource of last resort when people cannot find support from social services,

SOCIAL DEVELOPMENT AND POVERTY REDUCTION

medical systems, or the courts. The RCMP are there to deal with the cases that no one wants. To do this they require increased funding and staffing.

This departure from the intended purpose of the RCMP, which was enforcing the law, has put stress on the members and has demanded time away from the job they were meant to do. It has reduced productivity and at the same time overwhelmed the already limited resources they have at hand.

The two responsible agencies are the corporate RCMP themselves in that they have not supported the men and women on the street who live through these struggles on a daily basis and the Provincial Government who have not recognized that such a crucial service to the health of our communities needs their continued and urgent support.

Without adequate funding, productivity gains, support for the members as they do their jobs, how can we expect the RCMP to meet such demanding challenges today such as the opioid crisis?

Many reports posted on the RCMP website have written about this situation. It is time that concrete steps are taken to correct it.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Conduct a thorough analysis to ensure that funding of the RCMP is adequate, fair and equitable for rural, municipal and First Nations communities; and
2. Together with the RCMP and the Federal Government, work diligently and with urgency to examine and alleviate those issues that are impacting on the productivity of the Force as well as the well being of their members.

SAFE COMMUNITIES AND STRONG ECONOMIES - SUPPORTING POLICING IN BC (2017)

Opening Statement

BC's police forces are on patrol, investigating crimes, enforcing the law, and keeping the peace. Effective and adequately resourced policing is integral to safe economies and strong economies. As BC's urban centres grow and municipalities increasingly become inter-dependent, the importance of regional policing increases. Yet municipal police forces and RCMP detachments have different levels of funding, manage their cases differently, and may not have the resources for specialized training. In the regions with multiple police forces, funding, governance, and operations can vary widely. From a practical perspective, dividing police resources along municipal borders, especially ones that are adjacent, makes little or no sense.

Background

At the present time, the Royal Canadian Mounted Police (RCMP) and 11 independent municipal police organizations provide service across BC. For example, Greater Victoria has four independent municipal police forces and three RCMP detachments serving a population of 335,256.

Greater Victoria Policing (as of January 2016)

Police Service	Officers	Municipality	Pop. (2011)
Central Saanich Police Department	26	Central Saanich	15,936
Oak Bay Police Department	25	Oak Bay	18,015
North Saanich/Sidney RCMP Detachment	31	North Saanich Sidney	11,089 11,178
Saanich Police Department	152	Saanich	109,752
Sooke RCMP Detachment*	15	Sooke	11,435
Victoria Police Department	243	Esquimalt Victoria	16,209 80,017
Westshore RCMP Detachment	64	Colwood Highlands Langford Metchosin View Royal	16,093 2,120 29,228 4,803 9,381

*Sooke RCMP Detachment is also responsible for Port Renfrew, pop. 139 (2011)

Under the BC *Police Act*, municipalities with a population exceeding 5,000 must assume responsibility for police services within their boundaries. Such municipalities have three options:

1. contract with the provincial government for RCMP municipal police services;
2. contract with an existing independent municipal police department; or
3. form an independent municipal police department.

Independent municipal police departments are governed by a police board, a non-partisan body whose role is to provide governance, budgetary control, and policy direction.

The operations of the RCMP are governed by the *RCMP Act* and are subject to the contractual agreements between the various levels of government, e.g. *Municipal Police Unit Agreement*.

Funding

Taxpayers in municipalities with independent municipal police forces pay 100 percent of their local policing costs. Over 30 percent of municipal property taxes are typically allocated to support independent police forces, the largest single expenditure for local governments.

Municipal RCMP policing is partially funded by the provincial government and municipalities through property taxes. The portions are broken down into three different cost-sharing formulas:

1. Municipalities with populations exceeding 15,000 persons are responsible for 90 percent of the cost of their RCMP police services;

SOCIAL DEVELOPMENT AND POVERTY REDUCTION

2. Municipalities with populations between 5,000 and 15,000 are responsible for 70 percent of the cost; and
3. Municipalities with populations under 5,000, pay less than 50 percent of the total cost for police services.

The complexity of the current police funding model can be cumbersome. For example, the RCMP detachment serving the five municipalities in Greater Victoria’s western communities is funded by three different cost-sharing formulas, one for the two communities under 5,000, another for the two over 15,000, and yet another for the one that falls in between.

Operations

Each municipality can have its own distinct policing requirements. Victoria has the seat of government, is the daytime working centre and the region’s night-time playground. As such, the Victoria Police Department may have more officers on duty at bar closing on a Friday night or at the BC Legislature on Canada Day than any department or detachment in the region. Further, populations with chronic un- or under-treated mental health and addictions requires police officers – often the first responder when an individual is unstable or dangerous – to act as front line social workers.

Each municipality will have its own policing priorities, reflecting local issues, municipal resources, and local government policies. In Victoria, the municipality is regulating marijuana dispensaries, with its independent police force intervening upon a case-by-case bases. Meanwhile, neighbouring municipalities have emphatically said no to medical marijuana dispensaries.

The municipal disparities in law enforcement can have a great impact on the region as a whole, as crime tends to move towards areas of least resistance. If illegal activity triggers police enforcement in one municipality but not in another, then it only makes sense that type of illegal activity flourishes in the latter, potentially attracting similar and related illegal activities.

Integrated Units

Integrated units can provide a regional approach to law enforcement and crime prevention, e.g. Integrated Major Crime Unit, Integrated Road Safety Unit and the Mobile Youth Service Team. Not all municipalities are on each integrated team; their composition tends to be aligned with municipalities’ policing priorities. Such teams may create economies of scale, provide access to specialized equipment, training and personnel, as well as increase the effectiveness in addressing criminal activity affecting more than one community.

Integrated police units form and collapse over the years. From some individual municipalities’ perspective, it might seem worthwhile to withdraw from an integrated team when its specific policing priorities are not being met. Others might see their involvement in an integrated team as more of an “insurance policy,” i.e., access to specialized expertise and resources that it does not have to fund or retain on its own.

The ad hoc and temporary nature of integrated teams makes them an unreliable approach to regional policing.

THE CHAMBER RECOMMENDS

SOCIAL DEVELOPMENT AND POVERTY REDUCTION

That the Provincial Government creates common governance and funding models to ensure consistent standards of policing for all municipalities, including those policed by the RCMP.

ENHANCING ACCESS TO THE REGISTERED DISABILITY SAVINGS PLAN FOR DISABLED EMPLOYEES (2017)

In Canada, 4.4 million Canadians suffer a disability, of which many are children, or under the age of 44. Of these Canadians, 68,833 have successfully applied for and got the benefits of the Registered Disability Savings Plan (RDSP).

According to CBC News, May 30, 2013, the numbers of applications are as follows:

RDSPs by year	
Year	Number of accounts opened
2009	20,598
2010	18,144
2011	12,099
2012	13,103
2013*	4,979
Total	68,833

*Source: Human Resources and Skills Development Canada. *Figure accurate as of mid-May.*

This number is low considering it is estimated that 500,000 Canadians are potentially eligible for the RDSP.

Based on many interviews with applicants, and personal experiences working with clients to apply for and get this funding, the application process is what is impeding it's use.

The reason for that is the intense, cumbersome paperwork that is required from start to finish of the process. The applicants, to successfully complete, need to get a medical assessment done and file the paperwork to get the federal Disability Tax Credit (DTC). During our interviews at information seminars with potential candidates, it was discovered that most people with disabilities, as well as their caregivers, are in a low income bracket and do not see the need to go through the process of applying for a disability tax credit. Reason being, they in most cases, do not pay taxes. However, when learning of the bond portion of the RDSP, there was renewed interest in going through the application process.

In an effort to assist in the accessing this program, it was learned that there are similar income assistance programs in the Province of BC (Persons with Disabilities), that also request a similar, if not more stringent, medical assessment, as the one required to qualify for the DTC.

Furthermore, there seems to be an acknowledgment by government leaders, as described by BC's Minister of Finance, Mike De Jong, to the Kamloops Chamber of Commerce, that there needs be more collaboration with the Provincial and Federal Government on becoming more efficient and effective.

Therefore, in reviewing the application and requirements for a person to be granted the PWD, there could

SOCIAL DEVELOPMENT AND POVERTY REDUCTION

also be a connection to CRA on the completion of the successful applicant to grant a federal DTC. By doing this, access to the Registered Disability Savings Plan will be readily accessible by those who need it most, those being lower income Canadians.

This could also be enhanced by reviewing the files of the existing British Columbians currently on PWD, and making the application to CRA on their behalf to get the DTC.

From a business perspective, good employers today are taking more interest in the financial stability and health of their workforce. Studies have shown that employees who are offered financial education, support, and savings programs at work are more reliable and become better, more engaged contributors. By taking an interest in and advocating for improved access to the RDSP program on behalf of the disabled population, the chamber, and its member businesses, will have demonstrated an active interest in the financial enhancement of disabled employees in Canada.

THE CHAMBER RECOMMENDS

That the Provincial/Territorial and Federal Governments, as well as their related ministries:

1. Investigate and implement a cross-linked application process to enable those with recognized disabilities to have access to both a provincial/territorial disability support program and the DTC under one application;
2. Review all existing recipients of a provincial/territorial disability support program to determine eligibility of the DTC based on timing of the last tested application;
3. Create a national program to provide employers a workable linkage to the RDSP program for employees with disabilities; and
4. Amend the 10-year rule for the clock to start when the RDST is opened, from 10 years past the last grant installment.

RE-WORKING SOCIAL CAPITAL TO SUPPORT ECONOMIC GROWTH (2017)

Introduction

The ability for businesses to grow and prosper is not isolated from the community in which they are situated. If it is a healthy community, businesses will thrive. If it is not, businesses will suffer from the ill effects of crime, addictions, homelessness, and other challenges. Further, businesses are very interested in ensuring taxes collected are used efficiently and effectively to support thriving communities – maximizing well-being while minimizing waste or duplication between ministries. By supporting the development of a social policy framework, the business community achieves both goals: addressing social challenges effectively and supporting economic growth in their community.

Background

Social Capital is very loosely defined as an economically based network of relationships within a described

SOCIAL DEVELOPMENT AND POVERTY REDUCTION

society that benefit all members of that society;¹ or, more colloquially, since we're all in this together, let's all work together. And that's the key – how to develop a network of agencies, ministries, services, and business interests that works effectively together for the benefit of all.

When it comes to public policy, a coordinated network operating with economic efficiency is the ideal that businesses and communities hope governments aspire to. The Liberal government of BC put forward a BC Jobs Plan that sought to tie various parts of society together to promote job growth, and to that end, they have made great strides forward. It is a comprehensive strategy that touches on nearly all ministries, outlines various investments, and measures progress against a baseline.

However, silos still exist. Recent experiences in Surrey, as an example, point to schools and childcare spaces have not kept pace with job growth and development. The fast-growing city has one part of the puzzle, the school district another, and several ministries (Education, MCFD, Health) have responsibilities for education and childcare. Surrey currently has a deficit of over 12,000 child care spaces (0-12) and, despite the recent \$217M towards capital builds for 5000 spaces, there will still be a sizeable population of children that will see out their school years in portables. Attracting good employees becomes difficult if a community cannot ensure quality childhood experiences for their families.

Another example is homelessness – a complicated source of frustration and despair. According to the Metro Vancouver report on homelessness², the cost per homeless person per year is estimated to be \$55,000 tax payer dollars – spent on homeless shelters, support services and health care costs:

It is clear that the current system of fractured governance that has multiple ministries and agencies working silos, each within their narrow scope of authority, has not been efficient nor effective in slowing down or reducing the growth of the homeless population.... The many agencies involved in addressing homelessness must work together in a system-wide approach to help prevent homelessness... serve the region's 3,000-4,000 homeless population, and expedite the transition out of homelessness for the 10,500 people in the region...³

As any business owner who operates near where homeless people gather, it is very difficult to attract new customers to an area that has challenges.

A cost-efficient framework to facilitate coordination between ministry departments, stakeholders, and business organizations would be helpful to ensure policy alignment and consistency. A policy framework to guide decision-making and identify important connections would help anticipate needs and avoid crises before they arise.

In early 2013, Alberta's Premier Redford launched a Social Policy Framework, a tool which the government anticipated would assist in setting priorities in addressing community challenges.⁴ Further, it would "coordinate activities between government departments,... to ensure policy alignment and consistency."⁵

1 One such definition is "the institutions, relationships, attitudes, and values that govern interactions among people and contribute to economic and social development." Christiaan Grootaert and Thierry van Bastelaer. "Social Capital: From Definition to Measurement." Understanding and Measuring Social Capital. The World Bank. 2002

2 Metro Vancouver, Addressing Homelessness in Metro Vancouver, February 24, 2017. P.1.

3 Ibid, P.9

4 Press release: <https://www.alberta.ca/release.cfm?xID=3373421703E69-E310-8B91-0D86BF0497F467DF>

5 Alberta Government. Alberta's Social Policy Framework. February 2013. P.3.

SOCIAL DEVELOPMENT AND POVERTY REDUCTION

Their policy outlines core components, tools, and the roles and responsibilities of government, stakeholders, organizations, communities, and businesses to vision and then implement a set of harmonized social policies for environment, health, and social services.⁶ This collective action by a diverse set of stakeholders provides the basis for a resilient and thriving community.

If BC were to consider adopting a similar policy, the over-arching purpose of a framework would be to describe the quality of life citizens want and how to achieve this within the communities of BC, each with their unique challenges. Social capital is often overlooked as an economic driver, yet evidence exists that “healthy, educated, and trained workers determine how productively other critical factors such as land, labour, and physical capital are used... [and] the potential for each person to contribute to the economy and to economic growth.”⁷

BoardVoice, an umbrella association representing non-profit service providers across BC, is concerned that expenditures for services are not coordinated sufficiently to effect desired results. Further, they are engaging business associations to consider how employers would benefit if the homeless were not sleeping on their doorsteps or if family challenges were not impacting a worker’s productivity, and perhaps their personal safety and the safety of other co-workers at their workplace. They state:

We wouldn’t think of building a road or planning a new real-estate development without a framework for planning the project. But the concept of planning for social outcomes has been slower to catch on.

*In BC, we spend many billions of dollars a year on social interventions and supports – policing, courts, community programs, income assistance, services for people with disabilities or mental health issues, park development, treatment centres, skate parks, new street lights, on and on. Yet we spend it with no clear idea as to what we’re trying to achieve, or how we’ll know when we get there.*⁸

BoardVoice posits that by uniting levels of government, ministries, organizations, business sectors, and other stakeholders into a network of cooperation and collaboration on a shared vision with measurable outcomes, to harmonize policies and effect cost efficiencies through coordinated implementation strategies, BC’s social capital would indeed provide the foundation by which employers and employees can grow within desirable, healthy communities.

The BC Jobs Plan is a strong vision. However, to support its continued success there is a need to ensure service delivery for all communities while recognizing and keeping pace with their unique needs, in order to support growth and economic success efficiently and effectively. A Social Policy Framework will provide a guide for policy-makers and stakeholders alike to ensure cost savings through efficiencies of needs anticipation, strong inter- and extra-ministerial agencies’ harmonization, and a measurable outcome of a shared vision.

THE CHAMBER RECOMMENDS

⁶ Alberta Government. Alberta’s Social Policy Framework. February 2013.

⁷ McLean, Colin, et al. Making the Case: A Social Policy Framework for British Columbia. SFU School of Public Policy Report with BoardVoice. August 2014. P.73.

⁸ www.boardvoice.ca

That the Provincial Government implements a framework to deal with social issues similar to that of the BC Jobs Plan to recognize and achieve efficiencies across ministries and stakeholders.

TRANSITIONING WORKERS TO FULL EMPLOYMENT (2017)

Introduction

In 'Accessibility 2024', the provincial government's goal for BC is to have the highest labour participation rate for people with disabilities in Canada by 2024 (p.12); a laudable and supportable goal. However, there is a sub-set of individuals who receive disability supports that are not well represented in the government literature. These individuals are recovering from a long-term illness and are preparing to re-enter the labour market. To ensure their successful re-integration, they require flexibility in the Disability Assistance Program to help both the employer and employee accommodate the transition from a few hours a week to full-time employment.

Background

Although this likely affects a small number of employers (numbers not publicly available due to privacy concerns), workers in this sub-group are not covered by insurance or their insurance had time-limits; and they are not Workers Compensation Board (WCB) or Insurance Corporation of BC (ICBC) related, and there is no union agreement in place. The challenge requiring time away from employment is usually a major illness or injury of some kind that, at some point, can either go into remission, or the individual is "getting better," or is in some form able to return to work.

Under ideal circumstances, a worker is covered by their employment insurance benefits, and the accommodations required are agreeable to all parties.¹ Unfortunately, not all employees on long-term leave are covered if their employers were not able to provide an insurance benefit, or the benefit is time-limited. Not all employers are able to accommodate if the accommodation requires "undue hardship."²

Limited by lack of assistance, these individuals end up on disability assistance which provides them and any family members a set income per month, plus the ability to earn up to various amounts (determined by their family income, as it applies) per year, before a dollar for dollar deduction or "clawback" is triggered. The exemption limits are:

- \$9,600 for a single person with the Persons with Disabilities designation
- \$12,000 for a family with two adults where only one person has the Persons with Disabilities designation
- \$19,200 for a family where both adults have the Persons with Disabilities designation

Any money earned over those annual earnings exemption limits will be deducted dollar for dollar from the assistance payments.

However, to successfully re-integrate into an employment situation, individuals may find the maximum

1 <https://www.canada.ca/en/treasury-board-secretariat/services/values-ethics/diversity-equity/disability-management/fundamentals-return-to-work-plan.html>

2 Canadian Human Rights Commission, <http://www.chrc-ccdp.ca/eng/content/guide-managing-return-work>

SOCIAL DEVELOPMENT AND POVERTY REDUCTION

allowable support to be a barrier as they gradually increase their employment hours, but are not experiencing the benefit. Further, the increase in employed hours paid may not be sufficient to replace the disability support, hindering the employee's ability to leave the disability assistance program, particularly if that person has dependents.

The dollar-for-dollar deductions after allowable earnings is a major barrier to a successful return-to-work plan requiring recovering employees to full-time while ensuring sufficient income. If returning too soon, the employee can suffer a medical set back impacting their recovery and the workplace. What is required for these willing workers, is a flexible assistance schedule that allows for increasing hours and commensurate pay, and extra time required to successfully integrate. A temporary transitional interim support of 50% deduction before full dollar to dollar recovery, as part of their plan and with the concurrence of their government case worker, would be of great value to ease a skilled worker back to full employment:

A safe and timely return to work benefits the patient and his or her family by enhancing recovery and reducing disability. Through improvement of health outcomes, a safe and timely return to work also preserves a skilled and stable workforce for employers and society and reduces demands on health and social services as well as on disability plans.” — “The Physician's Role in Helping Patients Return to Work After Illness or Injury,” Canadian Medical Association, 2013

THE CHAMBER RECOMMENDS

That the Provincial Government in their Annual Earnings Exemption table, introduce a transitional Disability Assistance graduated recovery of incomes earned over the allowable income exemption for individuals transitioning to full or near-full employment as part of a gradual return-to-work program.

³ <https://www.canada.ca/en/treasury-board-secretariat/services/values-ethics/diversity-equity/disability-management/fundamentals-return-to-work-plan.html>

GROWING BC'S WORKFORCE THROUGH CONSISTENT INVESTMENT IN BRITISH COLUMBIA'S PUBLIC ARTS AND CULTURE SECTOR (2017)

Introduction

In 2014, this policy was written to communicate the impact the public arts and culture sector* makes in developing innovation and critical thinking skills essential to today's workforce and how investment in this sector equates to investment in BC's economic future. In 2017 this policy still aligns with the BC government's commitment to make strategic investments to: "strengthen and encourage growth in key economic sectors."¹

Background

The three areas addressed in the 2014 policy were capital investment in long term arts and culture infrastructure; structural review of the BC Arts Council** to ensure equitable distribution of funds; and annual core funding for the operation of regional & municipal cultural institutions with a professional mandate to provide cultural services in their community.

Creative City Network of Canada's 2017 report "Cultural Infrastructure: An Integral Component of Canadian Communities" states: "To ensure that the cultural resources of our evolving communities are encouraged to grow and mature and to contribute to the broader development of our society, there is an urgent need to:

- Recognize and plan for cultural infrastructure as an integral component of infrastructure for 21st-century cities and communities
- Rethink our approach to cultural infrastructure, with greater attention to issues of lifecycle, the interaction of social and built infrastructure, and long-term sustainability" and further that: "There is a need for municipalities to have new tools to access and build financial resources for cultural infrastructure funding."

One of the largest capital funding sources for public cultural facilities is through the Strategic Priorities Fund which was created to manage the disbursement of some of the funds collected through the federal gas tax program. In the 2017 Strategic Priorities Fund (SPF) Program Guidelines, The Union of BC Municipalities (UBCM) defines Cultural Infrastructure as "Infrastructure that supports arts, humanities, and heritage Museums for:

- The preservation of designated heritage sites
- Local government owned libraries and archives
- Facilities for the creation, production, and presentation of the arts
- Infrastructure in support of the creation of a cultural precinct within an urban core."

Although the Strategic Priorities Fund can be accessed to fund art and cultural facilities and museums, against core infrastructure, cultural facilities lose out almost 100% of the time. Funds are disproportionately allocated to other sectors also eligible under the SPF, causing a gap in funding for the

* Publicly funded arts and culture sector including museums.

** The BC Arts Council is an agency of the Province of British Columbia, created in 1995 through the Arts Council Act.

1 Strong Economy Supporting British Columbians – Balanced Budget 2015 Highlights, BC Ministry of Finance, February 17, 2015

T OURISM, ARTS AND CULTURE

public arts and culture sector. For example, the 2015 SPF saw an allocation of funding of close to \$100 million for local projects across BC. Not one of those projects was for a cultural facility.

For many, art exposure and creative skills begin with early and ongoing engagement in public art galleries, museums and cultural organizations. Ontario's Business for the Arts publication "A strategic and economic business case for private and public-sector investment in the arts in Canada" reports that funding cultural organizations releases the value of creating and presenting art to the entire community and causes a cascade of economic benefits.²

The document noted above goes into specific details as to the ROI that flows from investing in Arts and Culture by reviewing three successful Canadian organizations, but it is worth noting that the research summarized the return on investment as:

- Public sector support of the arts leverages private sector support;
- In 2007, 62% of the \$958 million in external investment in the arts was from the public sector;
- Direct benefits (e.g., ticket sales, concessions) earn back the initial investment amount;
- Indirect benefits (e.g., tourism, multiplier effects) have the potential to generate even higher returns;
- As organizations mature, there is a shift from public funding to private support;
- Growth in earned revenue has usually outpaced external funding, increasing the rate of return on investment;
- Corporate benefits: regional development, corporate social responsibility, attraction of creative employees, marketing benefits; and
- Social benefits: education, community engagement, national brand identity, multiculturalism.

The report further notes that the business community can take a leadership role in investing in the arts in Canada by initiating strategic public-private partnerships.

The benefits of innovation and creative skills to business communities

BC Creative Futures, a BC government three-part strategy to support sustainable, long-term success for the province's creative sector³ was a step in the right direction and recognized the need for funding to build a creative workforce for BC's future. A 2017 - 2018 initiative that supports public art organizations are capital grants from the British Columbia government is the "Collaborative Spaces Program" under the Ministry of Community, Sport and Cultural Development's Creative Economy Strategy a plan to grow the creative economy.⁴

What is referred to as the creative sector could include most business sectors in British Columbia. Some businesses that currently rely on the artistic and creative minds in BC's workforce are: the Digital and Internet Technology Industry, the Film and Television Industry, the Building and Structural Design Industry, Publishers, the News and Broadcast Sector, The Fashion Industry, The Culinary Sector, The

2 Business For the Arts 2009 Ontario <http://www.businessforthearts.org/wp-content/uploads/2012/02/BftA-business-case-for-funding-the-arts.pdf>

3 BC's Ministry of Community, Sport and Cultural Development, "News Release" 31st January, 2013 http://www2.news.gov.bc.ca/news_releases_2009-2013/2013CSCD0006-000156.htm

4 BC's Ministry of Community, Sport and Cultural Development, "Collaborative Spaces" <http://www2.gov.bc.ca/gov/content/sports-culture/arts-culture/creative-economy/collaborative-spaces> January 18th, 2017

T TOURISM, ARTS AND CULTURE

Jewelry Industry, Product Design and Manufacturing, Urban and Landscape Designers, Educational Institutions, Tourism, the for-profit Arts and Culture Sector and Sciences.

Most think of sciences as not relating to the arts, but a study by a team of multidisciplinary researchers following a group of Michigan State University Honors College graduates from 1990 to 1995 who majored in science, technology, engineering or mathematics (STEM), indicates otherwise. They found of that group, those who own businesses or patents received up to eight times more exposure to the arts as children than the general public.⁵ This study is one of several linking engagement in the arts with significant increases in performance in sectors not traditionally associated with the arts. The arts may not have been essential for these students to become scientists but the ones who had exposure to the arts performed better from a business perspective. Exposure to the arts improves creative and critical thinking, useful skills for most occupations.

One study resulting in improved critical thinking skills involved nearly 11,000 students and almost 500 teachers participating in a year long, random-assignment study of school tours to the Crystal Bridges Museum of American Art in Bentonville, Arkansas, where it was determined that strong causal relationships do in fact exist between arts education and a range of desirable outcomes.

Students who, by lottery, were selected to visit the museum on a field trip demonstrated stronger critical thinking skills, displayed higher levels of social tolerance, exhibited greater historical empathy and developed a taste for art museums and cultural institutions.⁶

In Dr. Sharon McCoubrey's (professor, University of British Columbia Okanagan) speech on "Letting the Arts Contribute to your Economic Success" she teaches communities about the distinct correlations between economic success and investment in the arts. When addressing global competitiveness, she quotes Robert Lynch: "In today's global economy, the competitive business edge belongs to innovators - those providing creative solutions that lead to prosperity in the marketplace. Leaders in government, business, and education are getting savvy to what those in the arts have long known: to fuel creativity and innovation, you need to invest in the arts."⁷

British Columbia's public art galleries, museums and cultural organizations are accessible to all BC's citizens and function as foundations and hubs for most other arts and culture activities in our communities. These public organizations provide arts and culture exposure, experience and education to all age-levels on a consistent and ongoing basis and are essential to building a creative workforce.

British Columbia's public arts sector's role in the BC Creative Economy

As foundations and hubs to many arts and culture activities in BC's communities, public arts and cultural organizations can play key roles in developing British Columbia's creative economy under their own

5 Michigan State University. "A young Picasso or Beethoven could be the next Edison." ScienceDaily, 23 October 2013. <www.sciencedaily.com/releases/2013/10/131023112724.htm>.

6 Kisida, Brian, senior research associate and Greene, Jay P., professor of education reform at the University of Arkansas. Bowen, Daniel H., postdoctoral fellow at the Kinder Institute of Rice University. "Art makes you smart" New York Times, 23 November 2013

7 Lynch, Robert, President and CEO, Americans for the Arts "Arts & Economic Prosperity, The Economic Impact of Non-profit Arts and Culture Organizations and Their Audiences" http://www.americansforthearts.org/by-program/reports-and-data/research-studies-publications/arts-economic-prosperity-iv/arts-economic-prosperity-iii-files/pdf/information_services/research/services/economic_impact/aepiii/national_report.pdf

TOURISM, ARTS AND CULTURE

programming and also as part of the BC government’s Creative Economy Strategy.⁸ Many of the almost 300 BC public art galleries, museums and art organizations are foundations for other art and cultural activities in their communities across the province.

Most current funding for this sector is obtained through annual provincial funding applications, one time project based funding applications and through municipal funds. Some larger public arts and cultural organizations also successfully apply for federal funding. These funding sources vary in amounts and frequency year to year and vary from community to community at times resulting in cuts to projects or staffing.

The BC Alliance for Arts + Culture’s 2017 Provincial Election Platform for Arts, Culture and Heritage states that: “A series of research projects⁹, carried out for the Alliance by Hill Strategies Research Inc. and funded in part by the Vancouver Foundation, included an analysis of the revenue sources of 19 BC arts organizations from eight communities compared to 37 arts organizations in other provinces. A key finding of the study was that provincial and federal government funding tends to be lower for BC arts organizations than similar organizations in other provinces.”

Per Capita Arts Council Funding by Province

Alieda Blandford, Reference Librarian | Legislative Library of British Columbia, provided a current table of per-capita Arts Council funding by province (table below), with reference to the latest provincial budgets and population data. (PEI, Yukon, and Nunavut are not included, due to the complexities of their funding models.)

Province	Total Arts Council Funding (Year)	Population (Year)	Per Capita Arts Council Funding	Rank
British Columbia	24 Million (17/18)	4,777,157 (Jan 1, 2017)	\$5.02	6
Alberta	31.6 Million (17/18)	4.280 Million (Jan 1, 2017)	\$7.38	3
Saskatchewan	7,358,000 (15/16)	1,150,600 (July 1, 2016)	\$6.39	5
Manitoba	9,623,000 (16/17)	1,339,308 (June 1, 2016)	\$7.19	4
Ontario	60,862,400 (15/16)	13,982,984 (July 1, 2016)	\$4.35	8
Quebec	94,717,964 (14/15)	8,326,089 (July 1, 2016)	\$11.38	1
New Brunswick	1,430,325 (15/16)	756,800 (July 1, 2016)	\$1.89	10
Nova Scotia	3,565,628 (15/16)	949,500 (July 1, 2016)	\$3.76	9
Newfoundland	2,356,910 (15/16)	529,696 (Jan 1, 2017)	\$4.45	7
NWT	500,000 (2016)	44,263 (January 2017)	\$11.30	2

The 2015-2016 provincial and territorial budget analysis, “In Search of the Creative Economy”, published by the Canadian Conference of the Arts Centre on Governance, Ottawa, Ontario, provided an overview of these budgets. Here are some of the statistics:

⁸ BC Ministry of Sports, Recreation, Arts & Culture’s “Creative Economy Strategy” <http://www2.gov.bc.ca/gov/content/sports-culture/arts-culture/creative-economy/creative-economy-strategy>

⁹ <http://www.hillstrategies.com/content/british-columbia-arts-and-culture-research-projects>

T OURISM, ARTS AND CULTURE

- With a BC government budget surplus of nearly \$300 M in 2015-16, the budgets dedicated to arts and culture: the envelopes for Creative BC, Arts Culture and BC Arts Council, and the BC Arts and Culture Endowment Special Fund remained virtually the same (total increase of 0.05% over 2014-15, from \$26,063M to \$26,79M);¹⁰
- BC consistently has the 3rd highest culture GDP and jobs in the country ahead of Alberta and behind Ontario and Quebec. Our culture GDP represents three percent of BC's economy and 12.2% of culture GDP in Canada;¹¹
- Federal government funding for the Canada Council for the Arts, 2016-17 is set to \$220 million—a 20% surge, but \$140 million short of the original fall promise of \$360 million. The doubling of the Council budget to \$360 million under this plan is scheduled to happen in 2020–2021.¹²

In the Alliance for Arts + Culture, Executive Director, Brenda Leadlay's 2016 submission to the BC legislature's standing committee on finance and government services states that "British Columbia has more artists per capita than any other province but remains the province with the lowest cultural funding per capita, despite the fact that BC residents rank in the top three provinces with the highest cultural consumption rates of arts and culture. Most arts organizations in BC still face the same three issues - staff capacity, facilities, and financial stability."

Conclusion

For BC's public Arts and Cultural sector to move into the future with BC's Creative Future's Strategy and help build a provincial creative workforce for our business community, consistent and long-term funding for BC's public art galleries, museums and cultural organizations is an investment in our future economy.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Establish a separate and dedicated capital fund for cultural facilities by allocating funds from the Strategic Priorities Fund and creating a new fund that British Columbia's local governments can access for investment in long term strategic arts and culture infrastructure for public art galleries, museums and cultural amenities; and
2. Work with all stakeholders to develop a strategy to reach the "aspirational goal" of ensuring BC is among the provincial leaders in funding the public arts and cultural sector on a per/capita basis while continuing to strengthen the provisioning organizations such as the BC Arts Council.

¹⁰ BC Alliance for Arts + Culture, The State of Arts and Culture in BC Budget 2017 <http://www.allianceforarts.com/blog/2017/2/21/budget-2017>

¹¹ Brenda Leadlay, executive director, BC Alliance for Arts + Culture "BC Alliance for Arts + Culture pre-budget submission zeroes in on economic and social benefits of the arts" The Georgia Straight <http://www.straight.com/news/793866/alliance-arts-culture-pre-budget-submission-zeroes-economic-and-social-benefits-arts>

¹² Caoimhe Morgan-Feir and Leah Sandals, Canadian Art - "Budget 2016: What Artists & Art Orgs Need to Know " <http://canadianart.ca/news/budget-2016-what-artists-art-orgs-need-to-know/>

BC FERRIES ROUTE 10 AND THE NORTHERN BC TOURISM ECONOMY (2017)

Opening Statement

Northern BC's tourism economy is significantly affected by BC Ferries Inside Passage sailings during the summer season. Increasing the window of summer sailings to include the first two weeks in June and the last two weeks of September and including 2-year phase in plans for reductions in service will significantly increase Northern BC's tourism competitiveness.

Background

Northern BC's tourism economy is inextricably tied to BC Ferries Route 10 service from Port Hardy to Prince Rupert. BC Ferries plays a crucial role in providing the critical transportation route that connects Prince Rupert and various neighboring Highway 16 communities to the Lower Mainland and well-established visitor itineraries. Currently BC Ferries Northern Summer daytime sailing schedule commences on June 19, 2017 and ends on September 14, 2017, virtually limiting Northern BC's tourism opportunity to three months. September is a popular month for international itinerant travelers to visit British Columbia and Northern BC. The rationale for reduced sailings needs to consider the direct impacts of reduced tax revenue as a result of lost business and lost jobs as well as factors including declining revenue at provincial parks and the increased dependence of community attractions upon public funds due to reduced gate revenue.

The 2015-2016 BC Ferries annual report (BC Ferries Annual Report, 2015-2016) identified that the Northern Routes experienced a 52.9% capacity utilization. In comparison, the "Flagship" routes from Vancouver Island to the Mainland experienced a capacity utilization of 60.4%, while other southern routes experience a 42.1% utilization. Approximately 5000 more passengers used the Northern Routes in 2016 compared to 2015 (BC Ferries Annual Report, 2015-2016).

One of the greatest ongoing challenges has been late changes to ferry scheduling as international tour operators arrange their packages two years in advance. The service cuts in 2015 have had damaging effects to tourism businesses by reducing access to BC's circle routes for leisure travelers. The short notice changes for international operators reduced the confidence in the BC tourism sector and pushed international operators to look at alternative destinations. It cannot be stressed enough that the sinking of the *Queen of the North* led to hotel cancellations as far east as Saskatchewan as well as substantially reduced gate entrances at Butchart Gardens. For this reason, it is important that future service reductions be planned on a two-year phase in to allow international tour operators to accommodate changes in their planning.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Works with BC Ferries, business, tourism industry and other stakeholder to review the Northern BC ferries schedule to provide daytime route 10 sailings from June 1st to September 30th providing the Northern BC Tourism economy the opportunity to reach its potential; and

T RANSPORTATION AND INFRASTRUCTURE

2. Working with BC Ferries, plan service reductions in the future on an ongoing basis with a 2-year phase in so that international tourism operators can effectively integrate those changes into their tourism packages.

CONTINUING 2014 TRUCKING DISRUPTION ISSUES - PORT OF VANCOUVER (2017)

The 2014 container operations at Port of Vancouver were disrupted by a 28-day withdrawal of services by non-union and unionized container truck drivers. A similar 47-day work stoppage took effect in 2005 that pertained escalating fuel prices, further exacerbated by practices of undercutting driver pay by some drayage carriers and operational delays encountered by truckers at marine container terminals.

The 2014 dislocation affected the regional, provincial and national economy with an approximate economic impact of \$750 to \$885 million per week, a total of \$3.5 billion for the duration. The BC Provincial Government and the Federal Government mutually agreed to a deal with truck drivers to get them back to work; this deal is known as the *Joint Action Plan*. Also involved was Vince Ready and Corinne Bell, the federally appointed facilitators.

The Port of Vancouver, as the third largest port in all of North America, handles more than half of the total containers that go through Canadian ports.¹ Approximately 3 million TEUs (twenty foot equivalents) were handled during 2016 according to Vancouver Fraser Port Authority statistics.² Approximately 4500 ILWU longshore personnel are employed in local port operations, working under an unprecedented multi-year negotiated contract intended to provide labour stability in the Gateway which was unfortunately disrupted in 2014 with the 28-day work stoppage by truckers.

The Vancouver Fraser Port Authority is the landlord of federally-owned port land. The port authority does not directly operate the marine container terminals who contract with shippers. Shippers, in turn, hire trucking companies who negotiate service contracts with their customers and employment contracts with their driver base. Although not directly in control of operations, the port authority has an interest in container trucking and service reliability at the Port of Vancouver. In December 2011, the Vancouver Fraser Port Authority launched a stakeholder engagement process to develop a broadly supported, long-term vision for the container trucking sector that would enhance the Port's global position as a sustainable and competitive supply chain leader. In February 2013, the Vancouver Fraser Port Authority announced its Smart Fleet trucking strategy, an action plan to achieve excellence in the local container trucking sector. Smart Fleet is a plan that continues to guide their work with industry and government to drive performance, accountability, sustainability and transparency within the container drayage supply chain.

After the 2005 disruption, the federal government created a task force to provide recommendations that involved the ports. Two key recommendations were the implementation of a mandatory truck licensing system (TLS) and a container terminal reservation system wherein the trucking industry is required to secure a reservation to pick-up or to deliver laden or empty containers. Both recommendations were implemented with relative success. After the 2014 disruption, and as part of the *Joint Action Plan*,

1 Shipping in Canada, *Statistics Canada*

2 www.portvancouver.com

T RANSPORTATION AND INFRASTRUCTURE

immediate efforts were made to reform the TLS program and further enhancements to the existing reservations program were explored, specifically in a common reservation system. The intention of a common reservations system is to provide a common reservation platform for users accessing all terminals. Or greater import, a common data interface would provide industry with greater transparency into the business rules and reservation slot availability as well as provide operational performance metrics for Port of Vancouver users.

Despite enhancements to container operations, including regular afternoon shifts adding another 8-hour shift for trucks easing terminal congestion and increasing fluidity, challenges remain on a number of administrative issues including rate under-cutting and non-compliant pay practices in some instances. Since the 2014 disruption, and despite the minimum set rates for all drivers (i.e. non-unionized, unionized, independent operators and employee drivers), different interpretations about what the compensation regulations require have been challenged in court. In general, the majority of drivers are paid per trip, and therefore, the number of turns directly impact income for these drivers. Generally speaking there remains too many drivers competing for the existing business, limiting the number of turns available per driver in the TLS.

The introduction of the *Joint Action Plan*, introduced in February 2014 to end the disruption by container truck owner-operators and trucking company drivers operating at the Port of Vancouver, has been generally successful with turn times in Vancouver leading industry standards in North America averaging 43 minutes and drivers now being compensated for exceptional delays.

However, there are still underlying issues that need to be addressed in order to bring greater stability to this sector. For example, continued work to improve efficiency of terminal operations is needed. As part of the *Joint Action Plan*, the TLS program was divided into two parts: the Province of BC gained responsibility, through the new BC Container Trucking Act, of issuing trucking companies a “Container Trucking Services License” for carriers requiring access to the Port of Vancouver; the Vancouver Fraser Port Authority now issues commercial access agreements to BC Container Services License holders. Further to the new Container Trucking Act, the Province of BC passed legislation to regulate competing owner-operators and employee drivers’ earnings through creation of the Office of the BC Container Trucking Commissioner (OBCCTC), with responsibility to enforce compensation and oversee the TLS and the management of truck tags.

The current reservation system has inefficiencies that have resulted in unintended consequences, including challenges in efficiently coordinating pick-ups and drop-offs at the container terminals and the current situation of being restricted by the TLS program’s licensing component of truck tag management. Issuance of truck tags by the OBCCTC, initially in place to manage supply of trucks for the volume of containers, has unintentionally posed a barrier that is preventing TLS trucking companies from growing their respective businesses in a free market by receiving more tags, or alternatively, willingly return their tags to the OBCCTC when volumes are lower in fear of not being able to regain them in the future.

Although the Port of Vancouver has stringent environmental requirements for trucks in the TLS program, inefficient truck moves can unduly affect air emissions and increased traffic congestion, potentially increasing the risk of accidents in the Metro Vancouver communities.

The container supply chain and trucking industry is complex. Resolving supply chain inefficiencies are met

T RANSPORTATION AND INFRASTRUCTURE

with challenges, such as uncertainty in volumes, operational inefficiencies, conflicting interests and administrative constraints, such as with truck tag management. The ability to expand due to supply chain inefficiency and increased customer demand is complicated by the fact that licenses are rationed and not readily available within the prevailing TLS. However, it is clear that all stakeholders look to seek solutions for a reliable container sector, including stabilization of container trucking.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Undertake a comprehensive rapid review of the 2014 Joint Action Plan to develop a long-term sustainable solution, in consultation with all stakeholders;
2. Ensure that revisions incorporate data transparency and mutually accountability of supply chain participants that optimizes efficiency and improves cost competitiveness for the entire supply chain as opposed to the current prevailing individual components; and
3. Include industry representation throughout the process in order to provide the necessary context and help ensure the resulting revisions are practical and will achieve long-term stability.

IMPROVING A KEY BC-U.S. GATEWAY: BELLEVILLE INTERNATIONAL FERRY TERMINAL (2017)

Opening Statement

The Belleville International Ferry Terminal in Victoria is a key international gateway to Greater Victoria and Canada for millions of visitors. Owned by the Government of BC, the terminal is of strategic importance to the province, with an economic impact of \$180 million per year. Currently, the terminal is comprised of 20-year-old trailers and other temporary structures. The proposed funding model for a new terminal has five contributing partners: the two ferry operators, City of Victoria, Tourism Victoria, Province of BC and the Government of Canada, with an anticipated \$40 million in federal funds.

Background

Improvements to the Belleville Terminal are long overdue and necessary for many reasons, not least of which is to improve the passenger experience, attract more visitors to the region, and build on Victoria's reputation as a world-class destination.

Belleville Terminal has long-term leases with two ferry operators: 1. Black Ball Line, the operator of the Coho vehicle ferry service operating between Victoria and Port Angeles, Washington, and 2. Clipper Navigation Ltd., operator of the high-speed catamaran passenger-only service operating between Victoria and Seattle, Washington.

To date, all three levels of government plus Tourism Victoria, Clipper and Black Ball have partnered to fund a series of projects, separated into phases:

T RANSPORTATION AND INFRASTRUCTURE

- Phase one was funded by the Province, Black Ball Ferry Line and Clipper Navigation Inc. and included replacement of critical marine infrastructure, improved custom facilities, and covered walkways; and
- Phase two is funded by the City of Victoria and Tourism Victoria, aimed to improve Belleville Street.

The next phase relates to the construction of a common ferry terminal building – a facility that has been under discussion since 1993 when the interim Clipper terminal was installed. After many planning studies and concept plans, BC is left with ageing and inadequate infrastructure – essentially trailers and other temporary structures – to serve as a high-profile and key gateway to the country.

The new terminal building, with amalgamated border services and pre-clearance, will boost existing cooperation between Customs and Border Protection and the Canada Border Service Agency, provide the infrastructure to make it easier for Canada and the USA to conduct business and also support the [Beyond the Border](#) initiative, and improve the processing of passengers crossing the Canadian and U.S. borders.

The proposed funding model for the terminal building has five contributing partners: the two ferry operators, City of Victoria, Tourism Victoria, Province of BC and the Government of Canada.

The Government of Canada requires the Provincial Government to identify an operator before confirming the presently allocated funding of \$40 million. The Province of BC will retain ownership of the buildings and related land.

THE CHAMBER RECOMMENDS

That the Provincial Government completes its business case and proceed to request federal funding.

IMPROVING BC'S CRUISE SHIP INDUSTRY: OGDEN POINT MASTER PLAN (2017)

Opening Statement

Developing and improving cruise capacity in British Columbia is essential to maintaining our position as a key player in the global cruise industry. Owned and managed by the Greater Victoria Harbour Authority (GVHA), Ogden Point in Victoria is Canada's busiest cruise ship port of call, welcoming more than 550,000 passengers and more than 212,000 crew on 224 ships in 2016. To sustainably build and manage future growth in cruise and other essential marine industries, GVHA has developed the Ogden Point Master Plan, which builds capacity on its existing footprint. The Ogden Point Master Plan will enhance the cruise capacity of Port Metro Vancouver and boost the visibility and viability of smaller ports including Nanaimo and Prince Rupert.

Background

The BC cruise ship industry is a significant contributor to the provincial economy and tourism sector. According to the [Cruise Lines International Association \(North West & Canada\)](#):

- the ports in Nanaimo, Prince Rupert, Victoria and Vancouver account for over half of all of Canada's cruise passenger traffic;

T RANSPORTATION AND INFRASTRUCTURE

- the cruise business in BC generates over 440,000 hotel night stays and some 6,000 direct and indirect jobs; and
- the arrival of each cruise ship in Vancouver stimulates more than \$2 million in economic activity.

Cruise activity out of Ogden Point in Greater Victoria alone is estimated to have an economic impact of \$100 million annually, providing an estimated 700 direct and indirect jobs in the region. Serving popular Alaska routes for all major international cruise lines, mostly out of the Port of Seattle, Victoria's share of future cruise business is expected to grow by four to five percent per year over the next five years.

To sustainably build and manage future growth in cruise and other essential marine industries, GVHA has developed the Ogden Point Master Plan. The Master Plan is a vision for Ogden Point that builds capacity on its existing footprint. It enhances the cruise terminal buildings to create a tourism gateway for Victoria, builds on a partnership with the Esquimalt and Songhees Nations for a strong cultural presence on-site, and adds community-focused retail, service, and hospitality infrastructure. The Master Plan includes attractive investment and development potential for marine industries, building on the site's long history as a viable working harbour.

Implementation of the Ogden Point Master Plan sets the stage for Victoria to become a designated homeport by the early 2020s. Home porting will bring dedicated cruise business to Greater Victoria with travellers staying longer in the region before and after sailing. A homeport ship is estimated to have an economic impact on the region of \$2 million per excursion. Home porting will provide local business opportunities for provisioning, and is estimated to create an additional 350 to 400 jobs in the region.

Implementation of the plan is projected to be phased-in over approximately 30 years, with a focus on social, sustainable, and economic principles. With favourable support, GVHA expects to begin implementation in 2017.

GVHA intends to apply for federal support under the Building Canada Fund to support construction of a new cruise terminal.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Endorse the application for federal funding to develop Ogden Point, including the upgrading of the new cruise terminal;
2. Support the plans for Ogden Point as a home port;
3. Consult with other British Columbia ports and cruise industry experts to develop mitigation strategies for short-term service interruptions resulting from Victoria's proposed expansion plans; and
4. Support the development of iconic tourism attractions for cruise passengers in all regions of BC currently supporting the existing cruise infrastructure.

IMPROVING URBAN TRANSPORTATION IN BC: TRANSPORTATION AUTHORITIES (2017)

Opening Statement

Easy access to multi-modal transportation options and well-maintained infrastructure is critical to strong economies and healthy communities. Being able to freely move between municipalities is not only vital to the commerce, but in accessing health, recreation, and social supports. As urban centres grow and municipalities increasingly become inter-dependent, the importance of regional transportation networks increases. As the second largest population centre in BC, home to the provincial capital, host to key sectors that contribute to BC's economy, Greater Victoria urgently needs a solution now, one that paves the way for other BC regions who will soon face similar challenges.

Background

In BC's growing and developing urban cores, travel times are already increasing during peak periods with commuters crowding the existing infrastructure. Economic growth and quality of life are reliant upon considerable improvements to the infrastructure and travel options to efficiently move people and goods in, out, and within urban cores. Fast, easy, reliable and affordable transportation modes support healthy communities and strong and resilient economies.

In these regions without a transportation authority, regional transportation planning does not happen. For example, the 13 municipalities in Greater Victoria are each responsible for transportation within their boundaries, while the Capital Regional District is responsible for transportation in unincorporated areas. Layered on top, is the BC Ministry of Transportation and Infrastructure that is responsible for highways and related infrastructure - some of which runs through and between municipal areas and regional districts. Adding even more complexity are provincial and federal funding envelopes with different eligibility criteria and an increasing focus on a low-carbon economy and alternative modes of transport.

These regions, such as the Capital Regional District, Regional District of Central Okanagan, North Okanagan Regional District, Regional District of Nanaimo, and Regional District of Fraser-Fort George, each need a transportation authority with regional planning responsibility encompassing current and future modes of transportation – by feet, bike, boat, bus, train, car and more. This entity needs the right governance, taxation power similar to the current BC Transit tripartite model, planning expertise, zoning authority, project management capacity, and operating mandate.

THE CHAMBER RECOMMENDS

That the Provincial Government legislates additional regional transportation authorities as needed, starting in Greater Victoria, to enable increased efficiency in the coordination, planning, funding, and operation of a multi-modal transportation network.

INVESTMENT IN NORTHERN HIGHWAYS AND WESTERN GATEWAY (2017)

Issue

BC's interior highway system is an extensive network of major routes that connect, not only the interior, but the coastal region to the rest of Canada. Unfortunately, the most direct routes to some of these areas are not an option for transportation of oversized and overweight loads. The section of highway 97

T TRANSPORTATION AND INFRASTRUCTURE

between Macalister, in the south, and Red Rock/Stoner, in the north, being one of the most notable. While most of the route, from the southern part of the province to the north, has been upgraded to a ‘heavy haul corridor’ this section remains at a lower capacity. The heavy haul corridor has an allowable maximum gross vehicle weight of 85 tonnes, while the section in question has a significantly lower maximum gross vehicle weight of 64 tonnes. Many issues arise from this inconsistency.

1. Any loads over 64 tonnes, headed north of Macalister, must take the more circuitous route over highway 5, up to highway 16 and then head west to get back to highway 97. Causing it to be more expensive, longer shipping times and creating an increase in emissions (greenhouse gases) into the environment.
2. Heavy loads cannot be easily brought into the region to expand current and growing industries. (mining and oil and gas exploration, as an example.)
3. It also limits the ability to open new regions in the area to development.

Background

Highway 97, coming from the south, up to Macalister, was upgraded to a heavy haul corridor to allow heavy equipment to be transported to the Gibraltar mine. And the highway north of Red Rock/Stoner has been part of the Ten-Year Plan upgrades. Currently there is no plan in place to upgrade the section between these two points, which would include an upgrade of three small bridges between Quesnel and Hixon. These small bridges were constructed under the “old bridge formula” that had a design factor of 64 tonnes. The bridge over the Quesnel River would need to be upgraded also to allow larger scale traffic, or preferably a truck route bypass to keep oversize loads out of the Quesnel downtown core.

At the same time, if this heavy haul corridor can be completed, it would give Quesnel an opportunity to become the “Gateway to the West”. The Nazko Basin is a virtually untapped resource for tourism and heavy industry alike. The soon to be constructed “New-Gold” mine could benefit greatly from a road improvement plan. As could the local First Nations in the area, should the road be upgraded and connect Quesnel with these new facilities directly, instead of having to take the more circuitous route through the current Vanderhoof access point. This would not only increase efficiency for industry and local residents, but would also give another point of egress, should the need arise, due to wildfire or some other disastrous event. By making this region more accessible, more opportunities for growth become viable.

The former provincial government, as well as the current one, has promised help with diversifying this region, due to a decline in the forestry sector. These projects would help create many employment opportunities, both long term and short term. It would also encourage investment in the region, that due to inaccessibility was not previously viable. Not to mention the fact that public safety in Quesnel would be increased, and a decrease in greenhouse emissions.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Subject to a government cost-benefit analysis and highway upgrade priority setting, put in place an accelerated program to replace or upgrade existing bridges to allow this section of highway 97 to be upgraded to a heavy haul corridor, and reroute oversize and dangerous loads outside the Quesnel downtown core; and

2. Develop a plan to make the Nazko Basin more accessible for industry and residents and provide an alternative point of egress if needed.

KEEP BC BUSINESS MOVING (2017)

Introduction

BC is Canada's Pacific Gateway, the preferred gateway for Asian trade to North America and the world. Transportation is a key support for economic growth and development. That's why it is singled out for special focus in 2012-2020 Pacific Gateway Transportation Plan. More than any other sector, it serves the dual purpose of generating direct employment and underpinning job creation, development and progress throughout BC¹. While significant progress has been made in some parts of that strategy, a major deficiency exists in BC's Fraser Valley which requires re-consideration of priorities from the Provincial and Federal governments.

Background

From semi-trucks and trailers hauling freight, to logging and industrial trucks serving the resource industries, to smaller trucks serving local businesses, trucking supports our economy and helps to maintain a high quality of life for all British Columbians. The trucking industry accounts for 2 percent of BC's GDP, employs about 40,000 people, and is larger than other major industries, including forestry, pulp and paper, and oil and gas². There is tacit acknowledgement of the importance of our industry to BC's economy in the 10-year plan, which embeds a trucking strategy.

Each year, more than \$3 billion in goods are trucked between our gateway ports and the rest of Canada, and over one million trucks cross to/from the U.S. via the three Lower Mainland border crossings. For many communities and transportation stakeholders, increasing the economic efficiency and safety of the commercial trucking industry is critically important.

In 2015 the provincial government presented its 10-year Transportation Plan – BC on the Move³ - that looked to initiate design for the construction of six-laning on Highway 1 from Langley to Abbotsford. Construction of a new Port Mann bridge, widening of Highway 1 to 200th Street and addition of the South Fraser Perimeter Road had already been completed. Consultation recently wrapped up this spring on a \$59-million project in Langley to build a new interchange at 216th Street and widen the highway between there and 202nd Street. Construction on that project is expected to take 18 months.

On March 28, 2017, the BC government announced a commitment of \$113 million in its share of funding for Phase 2, a federal-municipal project to six-lane the highway from 216th Street to 264th Street. The full project is estimated to cost \$235.5 million and the provincial government is seeking funding from the Government of Canada and the Township of Langley. Design work is expected to start in the fall of 2017.

1 http://www.pacificgateway.gov.bc.ca/documents/120402_Gateway_Strategy.pdf

2 <http://www.bctrucking.com/news/bc-move-road-map-gets-it-right-trucking>

3 <http://www2.gov.bc.ca/gov/DownloadAsset?assetId=6BDC5827613C454E81820AE9792CCB72&filename=bconthemove.pdf>

T RANSPORTATION AND INFRASTRUCTURE

The 2016 Census indicated that Abbotsford's population grew by 5.9% in the last five years, above the national and BC average. Abbotsford's neighbours have been growing quicker with Mission up by 6.6% and Chilliwack up by 7.5%. Lower housing prices, compared to Metro Vancouver, will continue to bring even more population growth in the future.

A recent report on industrial land supply in the Lower Mainland, completed for the City of Abbotsford⁴, indicated that strong BC provincial economic performance has helped drive development and leasing interest in the region. However, a lack of new supply has created a very supply-constrained market characterized by extremely low vacancy rates. Conversion of industrial land in Metro Vancouver to residential use also added to this shortage.

The Fraser Valley has long represented a primary supply of industrial zoned land and the scarcity of land options in Metro Vancouver and rising values in recent years have accelerated the migration of industrial owner-occupiers eastward toward more affordable options in the Fraser Valley. The Abbotsford market is among the fastest growing with an annual inventory growth of 6.4% and Chilliwack is at 4.8% compared to Surrey (4.2%) and Langley (3.1%).

Meanwhile, ministry stats show both the amount of traffic and number of accidents on the Hwy. 1 corridor through Abbotsford is only getting worse. Traffic is growing at 1.4 per cent per year, and the increased congestion is slowing median traffic speeds, which can drop to 60 km/h near intersections during peak periods. Figures provided by ICBC show the number of crashes has risen from a low of 140 in 2011 to highs of 190 in both 2012 and 2013 (the most recent year Abbotsford figures were available) – an average of roughly one crash every two days. ICBC statistics for the Lower Mainland overall indicate that from 2013 to 2015 crashes increased by a further 18%⁵.

Highway 1 congestion, accidents and daily delays have become a way of life for commuters, students and business traffic on the Highway 1 section between Langley and Abbotsford. Alternative routes are limited to local rural and residential roads or the two-lane Fraser Highway, which is already highly congested.

While commuters get a lot of the media attention it is important to remember that the movement of goods and services is an important part of the economy outside of Metro Vancouver. Commercial trucks account for approximately 8.5 per cent of the total traffic on the Abbotsford section of the Trans-Canada Highway⁶.

Completion of the South Fraser Perimeter Road, replacement of the Port Mann Bridge, adjacent improvements to Highway 1 to 200th Street and the recently announced Phase 2 construction will have all put an increased burden on Highway 1 in the Fraser Valley. Increased commercial traffic from the growth in the Port of Vancouver and the migration of industrial operations from Metro Vancouver to the Fraser Valley are increasing the need for more immediate action on the Provinces transportation priorities.

4 <https://abbotsford.civicweb.net/filepro/documents/?preview=51140>

5 <http://www.icbc.com/about-icbc/newsroom/Documents/quick-statistics.pdf>

6 <http://www.abbynews.com/news/387000041.html>

T RANSPORTATION AND INFRASTRUCTURE

While the highest priority of need is the improvement in the section from 264th Street to Whatcom Road, consideration needs to be given to future needs to extend the six-laning to Hope where Highway 1 provides an entry to three main provincial highway routes.

BC's economy depends on a safe, reliable and efficient transportation network. It's only a short leap of logic from that statement to recognition that a strong and healthy BC economy relies heavily on a vibrant, thriving, efficient trucking industry to keep that economy moving.

THE CHAMBER RECOMMENDS

That the Provincial Government work with the Federal Government to:

1. Recognize the priority of the Fraser Valley portion of Hwy. 1 as a major economic enabler and establish a higher priority timetable for necessary widening and upgrades from 264th Street in phases to Whatcom Road in Abbotsford and then to Hope;
2. Ensure that a funding commitment is made by both levels of government to ensure timely project completion; and
3. Revise and update the Pacific Gateway Transportation Plan to reflect the shifting base of industrial and commercial activity into the Fraser Valley.

SUPPORTING NEW INVESTMENT IN INFRASTRUCTURE TO ENHANCE CANADA'S ASIA PACIFIC GATEWAY INITIATIVE (2017)

Opening Statement

In 2007 the Government of Canada, in cooperation with the Government of British Columbia and the three Prairie Provinces, developed and embarked on an ambitious program of capital and legislative infrastructure investments to create the Asia Pacific Gateway Canada Initiative (APGCI). The investments were focussed on the "Gateway" corridors linking the Port of Prince Rupert and Lower Mainland regions of British Columbia with the inland supply chain of Western Canada and the rest of the continent.¹

Over the past ten years the APGCI has been transformational towards enabling the growth of the economy for the benefit of all British Columbians through increased and enhanced trade. As the Gateway Initiative is now a decade old it is time to reflect upon its successes; analyze its impacts (positive and negative; both intended and unintended); and, most importantly, encourage innovative and coordinated investments in various new potential strategic infrastructure, systems and marketing initiatives towards achieving continued growth, improvement and evolution of the APGCI. This notion is also supported by the Canadian Chamber of Commerce in its upcoming 2017 Infrastructure Report that identifies "insufficient coordination of public-private trade-enabling infrastructure investment in Canada's vital Asia-Pacific transportation networks" as a problem affecting the capacity and efficiency of the Asia Pacific Gateway and Corridor.²

1 www.asiapacificgateway.gc.ca

www.pacificgateway.gov.bc.ca

2 Canadian Chamber of Commerce May 2017 Infrastructure Report.

Background

The APGCI sought to:

- Boost Canada's commerce with the Asia-Pacific region: China, India, Japan, South Korea and Southeast Asia;
- Increase the Gateway's share of North America bound container imports from Asia; and
- Improve the efficiency and reliability of the Gateway for Canadian and North American exports.

These goals were to be achieved under development and implementation of key strategies within the following five priorities:

1. Build a global identity for Canada's Pacific Gateway;
2. Strengthen BC's trade and investment relationships;
3. Develop a world-class supply chain and gateway infrastructure;
4. Develop and attract a skilled labour force; and
5. Position BC as North America's Asia-Pacific destination.

According to Transport Canada, federal funds of \$1.4 billion leveraged \$3.5 billion in total project funding and the investments had a spinoff effect in private investments exceeding \$14 billion.³

To date, 47 strategic transportation infrastructure projects valued at more than \$3.5 billion have been announced by the federal government in partnership with all four western provinces and other public and private sector partners. Specific examples for British Columbians include almost \$6 billion committed to support the objectives of improving both the capacity and efficiency of the country's transportation system, and advancing the competitiveness of the Canadian economy. Specific infrastructure investment examples include the South Fraser Perimeter Road and the Roberts Bank Rail Corridor.

Canada and participating Gateway provinces have also invested in non-capital improvements to enhance the Gateway. According to these governments: improvements have been identified and implemented to reduce policy, regulatory and financial barriers, to improve the business environment for trade growth, and to enhance freight operations at key facilities by way of company-level agreements, application of new technology and establishment of innovative operational practices. While investments towards achieving the strategic priorities of the Gateway were the direct catalyst for these improvements all businesses in all sectors have had the opportunity to receive the net positive results.

The APGCI continues to be a significant driver of economic growth throughout British Columbia. However, the growth rate has begun to slow and other challenges have arisen from its early success. In essence, British Columbia has started to become a victim of its own success related to unintended consequences of rapid Gateway-related growth. The growth has exacerbated the worsening and extremely expensive congestion problems in the Lower Mainland of BC. This congestion is being seen at shipping terminals, distribution centres and commuter roads. General examples of congestion related negative impacts include:

- Inefficient and ineffective delivery of imports from ship to shelf
- Increased wear and tear on already over-stressed municipal road networks

³ <http://news.gc.ca/web/article-en.do?nid=1057809>

T RANSPORTATION AND INFRASTRUCTURE

- Lost time to commuters in vehicles and public transit
- Worsening environmental impacts to air sheds and waterways
- Further threats to agricultural land from the insatiable appetite for expansion of road networks and industrial warehouse developments
- Real threat of the Gateway no longer being the “gateway of choice” in the Pacific region of North America as shippers lose confidence in our resiliency and ability to fulfill the needs of the supply chain
- Continued stifling of economic growth to the point of potential no real net gains

Furthermore, and even with the investments and success of APGCI to date, “Canada’s port infrastructure has slipped from 14th place in the World Economic Forum’s Global Competitiveness Index in 2010-11 to 21st place in 2014-15” according to Alex Brinkley.⁴ The looming threats to the Gateway’s continued positive contribution demonstrate that it is time the initiative be reinvigorated through strategic investments to catalyze its evolution. The Canadian Chamber of Commerce notes in its upcoming May 2017 Infrastructure Report, that: “despite the success and strong industry support for the initiative, no additional funding was provided for APGCI when a new a federal infrastructure framework was announced in 2013-14. The value of the program was reaffirmed in the 2016 report of the Canadian Transportation Act Review which found that, “the gateway approach of linking trade and transportation together in an integrated, multi-modal and public-private strategy was widely recognized as a Canadian best practice.”⁵

Proposed APGCI Reinvigoration Action Items:

As stated by the BC Chamber of Commerce in its submission to the Canada Transportation Act Review Panel: “The APGCI is a model of infrastructure investment that worked and the federal government should continue to use the APGCI to continue to build needed transportation infrastructure in B.C and across western Canada.”⁶

Therefore, this Resolution proposes that the Gateway be reinvigorated by the following action items:

1. That the following recommendation from Chapter 3, Linking Trade and Transportation, of the 2016 Canada Transportation Act Review (known as The Emerson Report) be implemented: “the Government of Canada renew the Ministerial mandate for Gateway and Corridor strategies in order to provide leadership on efforts to link trade and transportation and consider budgetary allocations to support investment in transport corridors”⁷.
2. That the Governments of Canada and British Columbia review the past ten years of the APGCI and strategic investments to reinvigorate the Asia Pacific Gateway Canada Initiative from the perspective of leveraging opportunities outside of the existing corridor to provide resiliency, mitigate environmental impacts and create wider-reaching economic impacts.

4 Canadian Sailings magazine: <http://www.canadiansailings.ca/maritime-transport-needs-shakeup-emerson-report-recommends/>

5 Canadian Chamber of Commerce May 2017 Infrastructure Report.

6 December 2014 Submission Re: Canada Transportation Act Review Panel. Available online: <http://www.bcchamber.org/advocacy-news/december-2014-submission-re-canada-transportation-act-review-panel>

7 “Pathways: Connecting Canada’s Transportation System to the World,” Canada Transportation Act Review; Emerson, David, p.264. Available online: http://www.tc.gc.ca/eng/ctareview2014/CTAR_Vol1_EN.pdf

3. That the Governments of Canada and British Columbia invest in key strategic infrastructure improvements and developments related to inland ports and multimodal hubs that offer opportunities to attract investment such as the proposed new Port Alberni Transshipment Hub (“PATH”).

THE CHAMBER RECOMMENDS

That the Provincial Government work with the Federal Government to develop a reinvigorated and revitalized new APGCI strategy to meet the evolved needs of the Gateway and international trade.

TRANSFORMING THE HEAVY-DUTY TRANSPORTATION MARKET (2017)

Transportation in British Columbia

BC’s transportation market is dominated by petroleum fuels, with the long distance heavy-duty transportation sector accounting for much of the diesel use. However, compared to natural gas, diesel is expensive, and produces more greenhouse gases (GHG) and other pollution than natural gas in the same use. Given the recent surge in natural gas reserves created by the shale gas boom, future supplies for natural gas are less likely to be supply constrained than diesel and so less vulnerable to cost inflation. Natural gas can be provided to the transportation market in the form of liquefied natural gas (LNG) or compressed natural gas (CNG). This transformation is farther under way in the U.S. and Europe.

Further, BC has an abundance of natural gas, most of which is exported. Due to similar abundance in the United States’, prices are depressed.¹ In addition to seeking other export markets, encouraging substitution of natural gas for diesel in the transportation sector makes economic sense by reducing the cost of transportation, which is so crucial to our geographically diverse economy. To encourage the cost-effective utilization of expanding natural gas resources, and reduce GHG and other air pollutant emissions, the provincial government should look for opportunities to help accelerate this market transformation.

Current Policy

Currently, BC’s transportation fuel demand is split between fuel for marine (13.47%), air (17.8%), rail (1.93%), heavy-duty truck (14.38%), and other vehicle transportation (52.42%).² The total transportation demand for fuel is approximately 360 PJ/year.

To encourage the use of natural gas as a transportation fuel in the pursuit of lower GHG emissions, the Clean Energy Act (CEA) permits public utilities to offer incentives.³ FortisBC’s incentive program aims to meet 3-4 PJ/yr of transportation demand with natural gas for the next five years⁴ (“base case”). However, FortisBC has also developed reference cases to increase natural gas market share to 27 PJ/yr by 2033, and even envisions a very high scenario of 70 PJ/yr by 2033. This higher case would represent a third of the future market for heavy transportation fuels in BC⁵ Reaching these upper ranges faster could be highly valuable to the economy.

1 U.S. Energy Information Administration. (2013). Chapter 3: Natural gas. In EIA, International Energy Outlook (pp. 41-66). U.S. Department of Energy.

2 Consolidated Management Consultants. (2013). Transformation of Transportation Markets from Diesel & Gasoline to Natural Gas Policy for BC. Vancouver.

3 Lekstrom, B. (2010). Section 2 (h). In Bill 17 - Clean Energy Act. Victoria: Queen's Printer.

4 FortisBC. (2013). FortisBC Resource Planning Advisory Group (RPAG) Workshop.

5 FortisBC. (2013). FortisBC Resource Planning Advisory Group (RPAG) Workshop.

Effects of the Shift

One projected consequence of the shift from diesel to natural gas transportation fuels is reduced pollution. Transport-related GHG emissions would drop 0.4%/yr in over the next five years in the base case.⁶ Replacing 25 PJ/yr of diesel with natural gas would reduce annual provincial GHG emissions from transportation by about 2.9%.⁷ The associated reductions in other diesel-related air pollution has significant potential to improve public health. PM_{2.5} particulates that are a part of diesel emissions are particularly dangerous, and are linked to respiratory system problems and carcinogenic effects.⁸ A shift from petroleum to natural gas would result in clear health benefits, as well as mitigating the largest single source of GHG emissions in the province.⁹

A second compelling reason is a substantial price advantage. Over the last few years greatly increased availability has lowered the cost. Supply expansion has led to North America having the greatest cost differential. The price per diesel litre equivalent of natural gas is half the price of oil-based fuels.¹⁰ Major forecasts of future fossil fuel prices predict a continual widening of this gap between petroleum and natural gas, which strongly suggests that the natural gas price swings of the past are far less likely in the future, while diesel costs will remain under pressure.

In November 2013, the BC government changed the GHG reduction regulations and directions to the BC Utilities Commission (BCUC). The new direction included setting the LNG dispensing rate at \$4.35/gigajoules, an increase in capital allowed for building natural gas fueling stations, increases in incentive funding for training and upgrades to natural gas vehicle training, and an exemption from a certificate of public convenience on the \$400 million Tilbury LNG facility expansion and necessity review by the BCUC.¹¹ These were laudable steps.

But more support for a shift to natural gas transportation fuel could increase its usage greatly,¹² increasing the benefit to BC. The Conference Board of Canada estimates that the greater the displacement of diesel in heavy duty transportation by natural gas, the greater the proportionate effect on overall natural gas consumption, resulting in progressively lower costs.¹³

Indirect benefits include supporting BC's small, but dynamic, clean technology sector, which has experienced rapid growth and creates skilled and well-paying jobs. A key BC company in the natural gas transportation business is Westport Innovations. Their natural gas engines represent nearly 50% of new purchases in the United States for vocational/refuse trucks, and nearly 40% of Southern California's transit bus.

In its analysis of fuelling related employment, a U.S. study used a new natural gas fuelling station as the

6 Projected reduction 100kt CO₂e: (100/24,587kt (total transport emissions)) * 100kt = 0.4% reduction | Projected reductions from:

7 (25PJ/3.5PJ (from 3-4PJ reduction for 100kt GHG reduction)) * 100kt = 714.29kt reduction; (100/24,587kt) * 714.29kt = 2.9% reduction

8 Janssen, N. A., Fischer, P., Marra, M., Ameling, C., & Cassee, F. R. (2013). Short-term effects of PM_{2.5}, PM₁₀, and PM_{2.5-10} on daily mortality in the Netherlands. *Science of The Total Environment*, 20-26.

9 Ministry of Environment. (2012). 3. BC GHG Emissions - 2010. In *British Columbia Greenhouse Gas Inventory Report 2010* (pp. 11-19). Victoria.

10 Azzarello, S. (2014, February 11). Energy Price Spread: Natural Gas Vs. Crude Oil In The U.S. Retrieved from Seeking Alpha:

<http://seekingalpha.com/article/2012281-energy-price-spread-natural-gas-vs-crude-oil-in-the-u-s>

11 Province of British Columbia. (2013). Direction No. 5 to the British Columbia Utilities Commission. Victoria: Queen's Printer.

12 Ministry of Energy and Mines. (2012). Developing Current and New Markets. In *British Columbia's Natural Gas Strategy* (pp. 4-6).

13 The Conference Board of Canada. (2012). Cheap Enough? Making the Switch From Diesel Fuel to Natural Gas.

T RANSPORTATION AND INFRASTRUCTURE

starting point.¹⁴ Based on this analysis, if six natural gas fuelling stations were opened in the Lower Mainland/Southwest region of BC there would be an implied employment gain of 600 jobs in the industry. In the course of implementing such productivity gains, there will be complimentary job losses in the petroleum sector.

FortisBC has partnered with other stakeholders to provide up to \$104 million in incentives over five years to support the market transformation to natural gas fuel.¹⁵ The program provides direct incentives for the heavy-duty transportation industry to convert to natural gas. It creates a substantial net economic benefit through the incremental demand increase on the natural gas distribution system, and the associated reductions in system costs. But at the current base case forecast of an 11% conversion to natural gas fuel in 20 years (about 0.5% a year), it will take a long time to achieve market transformation. The potential economic, environmental, and health benefits can be achieved more rapidly through a more proactive public policy.

To clarify, the net benefit to the economy would come from the reduced cost of natural gas fuel as compared to diesel. This reduced transportation cost will in turn lower the cost of goods and services for businesses, providing broad economic benefits to the province. Transforming the entire target market could be worth as much as \$4.5 billion/year to the BC economy,¹⁶ or an increase in provincial GDP by over 2%. These savings are net of the losses in the petroleum sector of the economy. It would also result in a 6% reduction in heavy-duty transport GHG emissions,¹⁷ which would contribute significantly to the reduction targets in the Greenhouse Gas Reduction Targets Act.¹⁸ The Conference Board of Canada's summary of cost and emissions benefits predicted a NPV savings of \$158,043 over ten years per heavy-duty truck using natural gas over diesel.¹⁹

While the benefits of this fuel transition are clear, some critical barriers to widespread adoption may be overcome with constructive policy changes. One substantial barrier is the lack of natural gas re-fuelling stations and infrastructure. To support development, private and public entities alike are working together to keep pace with rising demand. In 2010, Natural Resources Canada developed a 'Roadmap' for the deployment of natural gas in transportation, with the help of the natural gas vehicle industry.²⁰ A key recommendation was that "coordinated investments are needed to ensure that the development of key corridor infrastructure is consistent with projected demand, strategically located to support end-users, and installed in a timely manner across jurisdictions." Put simply, a string of properly spaced fuel stations is essential to natural gas adoption in long distance trucking. Stakeholders and the federal government are currently working to develop a cross-country re-fuelling corridor, but greater participation by the BC government will help ensure that maximum benefit is gained from the placement of these stations.

Another key issue is the fact that the industry is still rather new and technological innovations are occurring rapidly. This is especially true for on-board fuel storage, as new tank and pump systems are required to achieve the travel range of diesel-fuelled trucks. Similarly, advances are occurring in the re-

14 TIAX. (2013). U.S. and Canadian Natural Gas Vehicle Market Analysis: Natural Gas Vehicle Industry Overview.

15 Province of British Columbia. (2012). Order in Council No. 295.

16 Consolidated Management Consultants. (2013). Transformation of Transportation Markets from Diesel & Gasoline to Natural Gas Policy for BC. Vancouver.

17 (52.1PJ/3.5PJ (see 6)) * 100kt = 1488.57kt reduction; (100/24,587kt) * 1488.57kt = 6% reduction

18 Penner, B. (2007). Bill 44 - 2007: Greenhouse Gas Reduction Targets Act. Victoria: Queen's Printer.

19 The Conference Board of Canada. (2012). Cheap Enough? Making the Switch From Diesel Fuel to Natural Gas.

20 Natural Gas Use in Transportation Roundtable. (2010). Natural Gas Use in the Canadian Transportation Sector.

T

RANSPORTATION AND INFRASTRUCTURE

fuelling of compressed natural gas tanks that will allow for a quicker re-fuelling process. While technological innovation is a positive thing, permitting and regulating new technologies can take time. The provincial government can encourage the development of natural gas for transportation by adding resources to accelerate and by streamlining their regulatory process. The BC government can also carefully assess regulations and tax policies that cover the transportation sector to ensure that natural gas is on a level playing field compared to other fossil fuels.

THE CHAMBER RECOMMENDS

That the Provincial Government continues to develop natural gas transportation policy with the objective of more rapidly transforming the heavy-duty trucking, marine and rail transport markets, delivering economic development and increasing productivity in BC

EAST-WEST CONNECTOR BETWEEN ABBOTSFORD AIRPORT & HIGHWAY 99 (2017)

The Fraser Valley is one of the fastest growing areas in BC, with Chilliwack, Abbotsford, Langley and Surrey seeing huge population growth over the next few years. Transportation is a major barrier to this growth, and it must be addressed on a regional basis. While each municipality has specific challenges with the movement of people, goods and services transportation and traffic concerns go far beyond individual municipal boundaries and must be considered on all fronts. The Province of BC is promoted internationally as a world-class destination, with Metro Vancouver as the gateway to the Province. It is vital for this region to have facilities and infrastructure to handle the existing and future demand to alleviate transportation gridlock and to protect our air quality.

Currently, passenger and commercial carriers en route to or from Highway 99, the Canada/US Border and destinations in the southwest sector of the Fraser Valley are directed to travel on Highway 1. Residential and commercial development throughout the lower Fraser Valley and additional services and capacity at Abbotsford Airport continue to add to the stress and gridlock on Highway 1 from Abbotsford through Langley to Surrey. There is a demonstrated need for development of a provincial southern connector to link the Abbotsford Airport and Canada/US Border crossings with Highway 99, and Vancouver International Airport. At the present time 16th Avenue through Surrey and Langley has been identified as a truck route and part of the major road network by Translink and by the City of Abbotsford to the east. This high-capacity route will be critical to transportation movement during the announced expansion of Hwy 1 over the next 5 years, as construction will result in delays and many commuters and transport trucks will be seeking alternate routes.

While some sections of the 16th Avenue corridor are 4-lane in parts of Surrey and Abbotsford, through the remaining sections and the Township of Langley it is a 2-lane road with deep drainage ditches on both sides. We have seen some improvements such as the added interchange at Hwy 99 and the upcoming improvements in Abbotsford from King to Marshall Rd but the route still has major safety and traffic issues. There are numerous uncontrolled intersections along the entire stretch, as well as many private driveways entering and exiting the roadway. The City of Abbotsford has acquired title to the property west of the airport that will provide a direct east-west connecting corridor to Highways 13, 15 and 99. The one remaining property to complete the Abbotsford portion of the corridor is still in active operation as a gravel pit however it will be available for acquisition within the near future.

T

RANSPORTATION AND INFRASTRUCTURE

Designation of 16th Avenue as a Provincial Highway will serve to protect the right-of-way and facilitate the development of a critically needed east-west trade corridor significantly improving economic growth opportunities for Surrey, the Langleys, and Abbotsford. As a designated highway, it would greatly improve access, enhance safety, reduce stress on the environment, and ensure consistent maintenance and upkeep of this high-traffic corridor.

There are three types of support for three types of road structures. Municipal roads are supported by municipalities. The major roads network is supported by Translink. Provincial Highways are supported by the provincial government.

THE CHAMBER RECOMMENDS

That the Provincial Government:

1. Designate 16th Avenue as a Provincial Highway to connect Highway 1/Abbotsford Airport with Highway 99 and to provide more direct access to the Canada/US border crossings, relieve the bottle necks of traffic, and facilitate increased movement of people, goods and services;
2. Commence property acquisition required to widen 16th Avenue to a 4-lane highway, develop frontage roads for residential traffic egress/ingress and reduction of north-south intersections across the corridor; and
3. Identify critical north-south intersections and install appropriate infrastructure to accommodate safe north-south travel.



BC Chamber of Commerce

Know what's on BC's mind.

POSITIONS

ON

SELECTED NATIONAL ISSUES

2017

ELIGIBILITY FOR SMALL BUSINESS TAX RATE (2017)

Executive Summary

Access to the small business rate has been effectively removed for small businesses working solely for large private corporations. In BC this would mean a doubling of the tax rate from 13% to 26%. This greatly reduces the tax incentive for small businesses to operate in Canada. Loss of small business in Canada is detrimental to the entire economy.

Business Issues

Legislation was introduced in the March 21, 2016 budget and was intended to apply to years beginning on or after the budget date, meaning it will apply to years ending March 20, 2017 or later. These rules affect corporate groups by removing access to the small business limit.

If you have two private companies and one company gets 10% or more of its taxable income from the other private company and there is a non-arm's length shareholder, then the income between the two companies is deemed to be "specified corporate income", (herein referred to as "SCI"). SCI is still considered active business income, but is no longer eligible for the small business deduction (i.e. gets the 26% general corporate rate rather than the 13% small business rate). There is no specified amount of ownership the non-arm's length shareholder needs to own for these rules to apply as it's written. The company paying the other company is able to elect to share their small business limit with the other company to then have it taxed at 13%.

Background

- Company A – Owned by Mr. A, say their taxable income is \$500,000;
- Company B – Large private corporation in which Mr. A's cousin (not "related" for tax purposes, but "non-arm's length") owns 1 common share out of 100,000,000 common shares;
- Company A gets 15% of its taxable income from Company B;
- Since it's more than 10% and the other company has a non-arm's length shareholder, this income is considered SCI;
- This means the \$75,000 ($\$500,000 \times 15\%$) of income Company A receives from Company B is no longer eligible to get the small business rate of 13%, but gets bumped to 26%; and
- Company B can elect to give Company A some of its small business limit up to \$75,000, but Company B is very unlikely to do so since Mr. A's cousin only owns a single share in a large corporation.

The intent of these rules was to catch corporate structures that circumvent the existing association rules to share the small business limit among many otherwise non-associated corporations. Unfortunately, the legislators used wording that was too broad and currently there is no % of ownership the non-arm's length shareholder needs to own for these rules to kick in and as a result they cast a much bigger net than it appears they were intending.

A simple solution is to have the share ownership for the non-arm's length party defined as a percentage so it will not affect most small businesses working for large private corporations.

THE CHAMBER RECOMMENDS

That the Federal Government define a share ownership percentage of 10% or higher for the non-arm's length party with respect to specified corporate income.

FINES AND PENALTY REFORM FOR BUSINESSES (2017)

Background

Filing with CRA for Businesses can be a complicated process; many businesses are required to make over 30 payments a year with GST, Payroll Tax and Income Tax. The tax code is 3000 pages long with hundreds of rules and regulations right down to the kind of form that can be used to file remittance vouchers. Not surprisingly, a significant portion of Canada's 5 million SMEs make mistakes every year when dealing with the Canadian Revenue Agency (CRA).¹

CRA gives little or no forgiveness if a payment is missed and the penalties and fines are steep even if missed by one day. CRA does have an appeal process for penalties and charges for late payment, but it is a complicated, time consuming and costly process for businesses. Regardless of the dollar value, type or frequency of incomplete or inaccurate tax returns, penalties and interest may be applied.

The federal government is currently examining some of its procedures as part of its "Red Tape Reduction Action Plan", an initiative aimed at removing unjustified or undue burdens on small businesses and removing the complexity of dealing with government regulations.

Allowing businesses some margin of error for minor tax filing issues would also remove a significant weight for enterprises that occasionally overlook a detail, miss a deadline or misallocate CRA payments.

High Number of Errors

The office of the Taxpayers' Ombudsman, an impartial and independent office to deal with complaints, reports that a significant number of calls to the CRA business enquiries line deal with misallocated payments. These are payments "not allocated according to its (CRA) procedures."² For example, about two thirds of all taxpayers use CRA remittance vouchers that are pre-printed with magnetic ink designed to be read by computers using Optical Character Recognition (OCR). Although CRA warns taxpayers that photocopies of these forms cannot be scanned electronically, many taxpayers still make remittance payments on photocopied forms. It's a clerical mistake that can have costly consequences.

The result can be a late payment and "for the tax year 2013 penalties begin at 5 percent on the balance owing plus 1 percent on the balance owing for each full month the return is late to a maximum of 12 months. If CRA charged a late penalty in 2010, 2011 and 2012 the penalty escalates to 10 percent of the balance owing, plus 2 percent of 2013 balance to a maximum of 20 months."³

Even tax preparers, hired to keep business from filing incorrect returns, routinely make mistakes that end up trimming dollars from the company's bottom line. Given the difficulty in filing for the CRA, some

1 <http://www.cra-arc.gc.ca/gncy/cmplnc/rtop-pipdr/cnslttnppr-eng.html#fnb2>

2 <http://www.oto-boc.gc.ca/rprts/spcl/gtting-right-eng.html#h114>

3 <http://www.cra-arc.gc.ca/tx/ndvdl/tpcs/ncm-tx/ntrst/menu-eng.html>

leniency is in order.

Conclusion

It is important for CRA to be fair and reasonable in dealing with small business and the complex remittance process. Mistakes do and will continue to happen. Penalties, Fees and interest should be proportional to the amounts and escalating for non-payment. CRA should handle their receivables in the business model and charge business for late payments the way businesses charge their customers

THE CHAMBER RECOMMENDS

That the Canada Revenue Agency in conjunction with the Department of Finance adopt a fair system of forgiveness for businesses that make unintentional errors or miss a tax payment deadline on rare occasions by way of:

1. Charging small business, a modest flat late remittance for missed payroll and/or GST payment deadlines; interest then accrues if payment is not made within 7 days of the due date; and
2. After the “Late Remittance Fee” is implemented then subject businesses that consistently and repeatedly miss payment dates to increasing fines and/or stiffer penalties with every missed payment.

CANADA-CHINA TRADE TARIFF GAP (2017)

Introduction

Canada's trade deficit with China is widening amid a slowing of raw materials exports to China, while Canadians continue to import \$50 billion a year of Chinese products. According to Industry Canada, the 2012 trade deficit with China was \$31.7 billion, four times what the deficit was a decade ago.

Background

While China exports manufactured goods, like electrical machinery, furniture and footwear, to Canada, it imports mainly raw materials. Currently the top Canadian exports to China by value are wood pulp, oil seeds and grains, ores, mineral fuels and oil.

The Chinese market for many Canadian-made manufactured goods is being blocked by a high tariff wall, which makes the cost of these products prohibitive for Chinese consumers. For example, MO851, a Montreal-based maker of luxury leather goods, has opened a boutique in Beijing, hoping to cash in on the huge Chinese consumer market with a taste for luxury goods. A bag that retails for \$465 in Montreal, costs 90 per cent more in Beijing due to tariffs, taxes and luxury taxes.¹

Riversong Guitars in Kamloops, BC states that a guitar that retails for \$1000.00 in Canada, has a landed cost of \$1430 in China with tariffs, freight and agency fees. These guitars with exchange rate and luxury taxes would retail for approx. \$1925 CAD or Yen \$9867.

On the other side, Chinese products face no such tariffs as when they are imported to Canada, they are using similar production products and materials and have much lower labour costs.

Result

Canada and China have been trading partners for decades and even more so now with the globalization of the world economy. In order for Canadian companies to be able to compete in the Chinese market fairly as Chinese companies compete in the Canadian market, the playing field must be leveled.

THE CHAMBER RECOMMENDS

That the Federal Government work with the Canadian business community and the relevant stakeholders to develop a trade agreement with China.

¹ www.cbc.ca/news/business/sky-high-chinese-tariffs-block-canadian-access-to-market-1.2481938

INDIGENOUS LAND TITLE INITIATIVE (2017)

Business Issue

An antiquated and cumbersome land “ownership” system for Indigenous lands has limited the ability of First Nations to leverage the value of their property, hindering them from achieving their full economic potential and highest and best use of their lands. With many municipalities and regions looking for opportunities for developable lands, this inability to fully utilize potential partnerships with First Nations is hindering the growth of business.

Background

There are a number of issues hindering the ability of Indigenous communities in accessing the available potential of their lands. Firstly, First Nations are constrained by high transaction costs, nearly four to six times higher than on non-First Nation lands. These high transaction costs arise because the legal and administrative framework to facilitate investment on First Nation land is largely missing. Whereas the legislative and administrative frameworks for federal and provincial governments have evolved responsively over the last 140 years, the Indian Act has remained virtually unchanged.

Secondly, with respect to land tenure, the current methods for securing title on First Nation lands and the Indian Lands Registry are inadequate and they do not provide sufficient title certainty. This is true regardless of who invests (First Nation and non-First Nation) and regardless of the type of investment (commercial or residential). The consequences of poor land title have been profound. Land certainty is the bedrock of the investment and financial markets. Its absence has deterred investment and greatly lowered land values on First Nation lands. It has resulted in valuable lands being put to very low value uses, as low as 10% of comparable land governed by a Torrens based system.

During the last 30 years, First Nations have begun to legislate their way back into the Canadian economy. It started in 1988 with the first change to the Indian Act ever led by a First Nation – the Kamloops amendment. This allowed First Nations to collect property tax on their lands. Once First Nation governments derived revenues from economic activity, they began to pursue more economic activity on their lands. This meant pursuing other legislation to fill the legal and administrative gaps created by the Indian Act which include:

- The First Nations Land Management Act;
- The First Nations Goods and Services Tax Act;
- The First Nations Fiscal and Statistical Management Act;
- The First Nations Oil and Gas Management Act; and
- The First Nations Commercial and Industrial Development Act.

Missing in these legislative initiatives, is an institutional framework to improve First Nation land tenure certainty.

For several years First Nations, the federal government, and the First Nations Tax Commission (FNTC) have worked on developing land title legislation under the Indigenous Land Title Initiative (ILTI). This initiative is designed to enable First Nations who wish to choose this option to move beyond the debilitating Indian Act land tenure system, to a more modern Torrens-based system which facilitates certainty and economic growth. Continued support from the federal government and eventual passage of the legislation for interested First Nations will lead to greater First Nation integration in the market economy.

The FNTC estimated in 2011 that based on 68 BC First Nations opting into ILTI over 15 years, \$3.8 billion in increased real estate values, 27,000 FTEs in new employment opportunities, 2,700 new homes built, approximately \$240 million in property and sales tax revenues, and about \$160 million in infrastructure will be generated. According to the FNTC, this will result in a \$1.1 billion reduction in the cost of poverty.

Summary

Conditions of the ILTI would be as follows:

- The ILTI will allow First Nations to opt-in to a land title legislative framework as an alternative to the Indian Act following a positive vote of its membership;
- Participating First Nations will have the option to hold legal title to the land currently held by the Crown as “reserves” under the Indian Act, and will have the power to enable all types of land tenure, including, if they choose, individual ownership without any loss of jurisdiction over the land;
- Participating First Nations will have expanded jurisdiction to implement a Torrens title system and to manage, develop, and protect their lands;
- A ready-to-use legal framework of regulations and sample laws will allow ILTI First Nations to implement the legal framework for their jurisdictions efficiently and effectively;
- The ILTI will have a profound impact in stimulating investment, reducing poverty, and strengthening First Nation participation in regional economies; and
- First Nations (including T’kemplups te Secwepemc, Shuswap, Skowkale, Aitchlitz, Klahoose, Upper Nicola and others) have passed Band Council resolutions of support for the ILTI initiative.

THE CHAMBER RECOMMENDS

That the Federal Government collaborate with First Nations to develop systems and optional ILTI legislation to improve land tenure certainty for First Nation with their undisputed lands.

REFERENCES:

- <http://news.nationalpost.com/news/canada/allowing-private-home-ownership-on-reserves-could-be-key-to-improving-well-being-for-natives-report>
- <http://news.nationalpost.com/full-comment/jesse-kline-private-property-rights-are-key-to-the-future-prosperity-of-first-nations>
- <http://news.nationalpost.com/full-comment/michael-lebourdais-ravina-bains-let-first-nations-thrive>

FIRST NATIONS INFRASTRUCTURE INSTITUTION (2017)

Business Issue

The development of infrastructure is critical to the health and sustainability of our First Nation communities. However, preliminary research suggests a gap in this development. As a result of the current approach applied to First Nation infrastructure development, this development is generally more expensive, takes more time and is less durable than that of other governments. A proactive approach is needed to ensure that projects are suitable, that best practices and industry standards are followed, and that value received is commensurate with the expenditure made.

Background

Canada and First Nations both have an urgent need to develop a joint strategy to increase First Nation

productivity with infrastructure development representing one of the most critical elements in achieving this. Unfortunately, First Nations face many challenges in this process and have been unable to fully achieve value for investments made.

A preliminary review of First Nation infrastructure by the First Nations Tax Commission (FNTC) has identified that there are gaps in planning (lack of integration between plans), project management (insufficient experience or expertise), financing (underutilization or inaccessibility of fiscal tools or insufficient fiscal capacity) and supporting legal frameworks (missing or inadequate laws) facing many First Nations.

The federal government has committed to a series of significant investments in infrastructure to support a better future for Indigenous Peoples with almost \$4.7 billion in planned infrastructure investments over the next five years to include education infrastructure (\$969 million), social infrastructure (\$1.2 billion), green infrastructure (\$2.2 billion), and community infrastructure (\$255 million).

Taking the example of provincial precedents and models such as Infrastructure Ontario, which provides similar services and support to health, education and local government infrastructure projects in that province, First Nations are working with the First Nations Tax Commission (FNTC) to advance the concept of a First Nations Infrastructure Institution (FNII) as a new element of the *First Nations Fiscal Management Act* (FMA).

In concept, FNII could provide the following services:

- **Support Projects with Standards and Laws** – Help with implementing standards and laws required to support infrastructure projects and improve economic development. This will save participating First Nations time and money and help ensure First Nation infrastructure is at national standards.
- **Assessment and Development Support** – Assess infrastructure project readiness and develop infrastructure development plans so First Nations can build the legal and administrative capacity to manage the infrastructure cycle from planning to construction to operation, maintenance and replacement.
- **Infrastructure Planning Support** – Support integrated infrastructure planning (economic, capital, financing) and provide capacity to complete these planning elements of infrastructure development. This will help interested First Nations to access available federal resources.
- **Project Management** – Help First Nations build capacity to efficiently project manage and build infrastructure projects. In some cases, FNII could also provide project management services.
- **Training and Certification** – Offer certified training and systems for First Nation administrations to support the operation of sustainable infrastructure systems through the Tulo Centre of Indigenous Economics.
- **Advocacy** – Advocate for and develop new FMA revenue streams within an improved fiscal framework to finance infrastructure projects.
- **Risk Assessment and Management** – Assess infrastructure risks and develop risk management strategies to improve access to financing.

THE CHAMBER RECOMMENDS

That the Federal Government collaborate with First Nations, who are already working with the First Nations Tax Commission, to develop legislation for a First Nations Infrastructure Institution dedicated to improving the process of developing infrastructure on First Nations lands.

AMENDING AND REPLACING CANADA'S ANTI-SPAM LEGISLATION (2017)

While Canada's Anti-Spam Legislation (CASL) came into effect on July 1, 2014, the final transition periods for the law end this year on July 1, 2017.

Upon its implementation, CASL created a provisional period of 3 years where consent to receive commercial electronic messages was deemed to be implied where there was an existing business or non-business relationship. This transition ends on July 1, 2017 at which point this consent expires. In addition, July 1, 2017 also marks the time when CASL's "private right of action" comes into force and allows individuals to personally seek damages against business and organizations for spam. Therefore, it is more imperative than ever that CASL be immediately amended to remove the most damaging aspects of the law and be replaced with a more effective law that protects Canada's ability to communicate and compete in global digital economy.

The legislation is intended to protect individuals from unwanted commercial electronic messages¹ by requiring organizations acquire prior consent from intended recipients, as well as abide by certain content protocols to ensure sender transparency and consent withdrawal/unsubscribe options. However, in practice CASL creates competitive disadvantages for Canadian businesses, particularly small businesses. CASL has a chilling effect on business prospecting and imposes labyrinthine records-keeping requirements on businesses to manage the rolling expiration of implied consent.

In fact, following the initial implementation of CASL, legitimate email traffic was reduced just as much as spam as companies scaled back email marketing efforts. In one review it was found that following the CASL implementation there was "no significant change in the percentage of emails received by Canadians that were spam."²

The CASL legislation states that its purpose is to prevent spam because it "impairs the...use of electronic means to carry out commercial activities" and because spam "imposes additional costs on businesses."³ Unfortunately, the provisions and requirements of CASL itself have impaired the ease and effectiveness of electronic communications and have imposed significant compliance costs on businesses.

CASL's Impact on Prospecting

One of the most significant problems with CASL is that it can consider sales prospecting spam. Since CASL forbids sending emails to an individual without prior consent, prospecting for new clients via email can be considered spam and a violation of the act.

Even if recipients have made their email publicly available, CASL only provides permission to contact them if "the message is relevant to the person's business, role, functions or duties in a business or

1A commercial electronic message is the term used by CASL for any electronic message that encourages participation in a commercial activity, whether there is an expectation of profit or not. This is primarily related to emails but also includes text-messages and other electronic forms of communication.

2 Cloudmark, *Security Threat Report, 2015 Q1*, Accessed online: https://www.cloudmark.com/releases/docs/threat_report/cloudmark-security-threat-report-15q1.pdf

3 An Act to promote the efficiency and adaptability of the Canadian economy by regulating certain activities that discourage reliance on electronic means of carrying out commercial activities, and to amend the Canadian Radio-television and Telecommunications Commission Act, the Competition Act, the Personal Information Protection and Electronic Documents Act and the Telecommunications Act, (2010, c. 23). Retrieved from the Justice Laws website: <http://laws-lois.justice.gc.ca/eng/acts/E-1.6/FullText.html>

official capacity,”⁴ a determination made by the recipients themselves when they decide whether or not to report the message as spam. In practice, CASL creates an environment where salespeople must be 100% certain their product or service will be immediately interpreted as relevant by their potential customer or risk being in violation of the law.

Unfortunately, CASL also makes it unduly difficult to seek consent to send electronic messages in the first place by explicitly forbidding asking for consent electronically. This provision outlaws sending an electronic message to a prospect introducing yourself and your business and thus makes digital prospecting illegal. CASL should be amended to allow businesses to seek consent via electronic means.

As a result of these restrictions CASL pushes more communications onto less efficient and more costly modes – mainly telephone or mail. Given the modern developments and integration of electronic messaging into Canadian society, this is an anachronistic policy. In an increasingly digital and mobile age, salespeople must rely on reaching prospects directly at their phone, or hoping that they (and not an assistant or secretary) open the mail. In this situation, relying on the existing unsubscribe requirements should suffice for protecting recipients from unwanted communications and therefore this restriction on using electronic messages to seek consent should be removed.⁵

Albeit, while the regulations which put CASL into force provide for a business-to-business exemption, it is too limiting and favours existing businesses with existing relationships over new businesses or new relationships. This blanket exemption removes the consent requirement for messages sent from “an employee, representative, consultant or franchisee of an organization...to an employee, representative, consultant or franchisee of another organization if the organizations have a relationship. (*emphasis added*)”⁶ This exemption, while useful overall, does not help new businesses which are hoping to build new relationships and find customers. The exemption also does not apply to prospecting at all as the entire purpose of prospecting is to develop a new relationship with a potential customer. CASL should therefore be amended to exempt all business-to-business communications from the consent requirements.

CASL’s Rolling Expiration of Consent

Another significant hindrance to business, especially small business, is the record-keeping requirements surrounding the rolling expiration of consent provided for in CASL.

CASL provides for ‘implied consent’ in several scenarios, including when a customer makes a purchase from a business or an individual makes an inquiry of a business. However, instead of bestowing unqualified consent for contacting these existing customers and warm leads, CASL creates a regime of untenable rolling expiration dates. CASL provides implied consent for two years following a purchase and for six months following an inquiry. If during that time another purchase or inquiry is made, the expiration date is reset and the countdown begins anew.

4 An Act to promote the efficiency and adaptability of the Canadian economy. (2010, c. 23).

5 All commercial electronic messages are currently required to have a working unsubscribe mechanism which is functional for 60 days after the message is sent, is of no cost to use, and is readily performed without delay. This policy does not seek to change this requirement and would expect it or similar requirements to be included in any future spam law that replaces CASL.

6 Electronic Commerce Protection Regulations. *Canada Gazette Part II*, 147 (26). Retrieved from the Canada Gazette website: <http://www.gazette.gc.ca/rp-pr/p2/2013/2013-12-18/html/sor-dors221-eng.php>

Considering that the burden of proof is on the business to prove consent exists, businesses must keep meticulous records for each contact of when they had an interaction with an individual, what type of interaction it was (purchase vs inquiry), if the contact represents a business or themselves as an individual, and the date when this consent expires. Without these types of records to prove consent exists, a complaint of spam may put the business in violation of CASL and susceptible to fines or penalties. To manage these rolling expiration dates efficiently, businesses realistically need software or computer programs which is an expense out of reach of many small businesses. Otherwise, businesses rely on complex spreadsheets or countless different mailing lists which is a significant administrative burden. Even worse, these requirements may convince some businesses to avoid sending some electronic messages altogether and forgo potential businesses development opportunities.

Take an illustrative example of a baker who sells a bride her wedding cake. Upon completion of that sale, the baker has two years in which he can contact the bride with marketing materials and ideally gain her express consent to join a mailing list. However, if the baker does not capture that consent in a CASL-approved manner, upon the bride's second anniversary the consent expires. Despite having the contact information for a happy customer, the baker now cannot contact the bride to sell a third anniversary cake, a baby shower cake, or any other product. This illustrates how a small business without marketing employees or software can find its business development efforts hampered by CASL.

Instead of providing qualified implied consent with rolling expiration dates, CASL should be amended to provide for implied consent following a purchase or an inquiry until such a time as the recipient unsubscribes. Again, relying on the unsubscribe mechanism provides enough protection against unwanted communications without imposing significant administrative burdens on businesses.

Overall, CASL is a confusing, cumbersome and complex law which imposes costly administrative burdens on the business community, creates competitive disadvantages for Canadian businesses, and impacts every legitimate business while doing little to stop the most damaging phishing and hacking spam which often originate with overseas criminal organizations. CASL can and should be amended to remove its most onerous aspects while a replacement law is drafted which impacts actual spam and negative spamming activities and not legitimate business communications.

THE CHAMBER RECOMMENDS

That the Federal Government, in an effort to alleviate the Canadian business community from the most damaging aspects of CASL:

1. Amend CASL immediately to:
 - a. permit using commercial electronic messages (CEMs) to seek consent for sending customers future CEMs;
 - b. exempt all business-to-business communications from the consent requirements entirely, not just for organizations which "have a relationship"; and
 - c. abolish the two-year and six-month expirations for implied consent completely and make implied consent based on a customer purchase or inquiry permanent until an unsubscribe request is made;

2. Commence consultations with the business community and other stakeholders on the creation of a new law to govern and regulate electronic communications and fight spam which would then replace CASL.

PORT AND MAJOR AIRPORT SHARE CAPITALIZATION (2017)

Background

The Ministry of Finance is currently investigating the “share capitalization” of Canada’s ports and major airports, as suggested in recommendations 9.3b and 10.3a of the 2016 Canada Transportation Act Review. This would change the current governance structure so they are owned by a private group of shareholders and no longer operate as not-for-profit commercial entities.

Our critical transportation infrastructure connects businesses with opportunities around the globe and across the country. It links visitors with tourism operators and helps international students pursue educational opportunities. Our ports and airports create jobs, facilitate the movement of people and capital, and ensure that Canadian products get to market. Therefore, their governance is of the utmost importance to Canada’s business community. A move towards a share capitalization ownership model, regardless of short-term capital inflows, would jeopardize Canada’s long-term economic competitiveness and would be detrimental to the interests of the Canadian public and business community.

To maintain a competitive, responsible, and sustainably governed transportation industry, it is crucial for port and airport governance to reflect the values and direction of the communities they serve, and to protect national economic interests. A model in which shareholders make decisions regarding our critical transportation infrastructure would pose a key threat to such responsible governance, drive up costs, and require greater government oversight to regulate these newly minted private-sector monopolies. As commercial entities, these pieces of critical gateway infrastructure have already harnessed the efficiencies that come with a profit-maximization model. Our current governance model is a successful “made in Canada” story that has facilitated significant sustainable growth in our transportation industry.

We understand the budget challenges of ensuring secure, long-term funding for large infrastructure projects. However, we strongly urge the Federal Government to consider the negative potential impacts of share capitalization of Canada’s ports and major airports, including higher costs, lower service levels, less capital investment, decreased competitiveness, and the loss of control of a key economic driver and trade facilitator. Decisions would move from the communities or representative user groups in which these critical pieces of infrastructure operate to large groups of shareholders looking to optimize returns.

Major Airports

Currently, non-profit airport authorities operate Canada’s major airports. Their major capital investments have already been paid for by passengers, airlines, and the airport authorities. If these airports are sold, users will pay for them all over again and at a much higher cost in order to finance shareholder return and cost of acquisition.¹ Our airports are already privatized, and there are no economic advantages to changing directions.

1 <http://www.cbc.ca/news/canada/british-columbia/privatization-proposed-federal-changes-1.3848696>

Through the process of commercialization in the 1990s, Canada's airports have already reaped the benefits of privatization including; transferring capital and operating expenses from taxpayers to private operators; access to capital markets at relatively low rates of borrowing; market discipline and increased efficiency; customer service focus; and striving for innovation. Profits from airports would no longer be directly invested back into the entity and instead be used to pay dividends to shareholders, who would be incentivized to maximize profit margins and shareholder returns. These for-profit entities would also face changes to their ability to borrow money and make the necessary investments in long-term infrastructure. YVR's 2030 investment plan is evidence that the current model already properly incentivizes these investments.

Due to fees, taxes, and charges, including after-tax fuel costs, Canadians face some of the highest air-travel costs in the world, negatively impacting our economic competitiveness. Share capitalization would only exacerbate these issues, and move future decision-making outside of the public interest.²

Australia has already gone through this process with its airports and it has been found that airports collect significantly more aeronautical revenue per passenger than before their airports were share capitalized, meaning that passengers and airlines are paying more to access the airports.³ Despite these increases in revenues, ratings of service quality have not substantially changed. The Australian Competition and Consumer Commission (ACCC) suggests that airlines and passengers in Australia have paid up to \$1.6 billion too much for airport access due to this model.⁴ The chair of the ACCC, Rod Sims, recently claimed that while privatization often enhances efficiency and economic activity the privatization of Australia's airports and ports was "severely damaging" to the economy.⁵

Canada Port Authorities

Established under the *Canada Marine Act (1998)*, Canada Port Authorities facilitate Canada's trade objectives in a commercially viable way, ensuring goods and passengers are moved safely and efficiently, while protecting the environment and considering local communities. They also act as agents of the Crown to manage federal land, an important function of which is Aboriginal consultation and engagement.

If they were to be share capitalized, government would have to take on the regulatory and statutory functions currently under the responsibility of Canada Port Authorities. This would require a significant regulatory overhaul, and the overall process of privatizing such a monopoly would place a significant resource burden on the government.

Canada Port Authorities already operate in a quasi-commercial manner, and would have little to gain in terms of efficiency if they were to be privatized. Such a move would risk compromising long-term competitiveness, reduce investment in infrastructure, and undermine public trust in our ports.

As Canada continues to develop its critical gateway infrastructure and tap into new markets, it is vital that the federal government make no decision that would jeopardize the long-term competitiveness of our ports and airports.

2 <http://www.theglobeandmail.com/report-on-business/rob-commentary/the-model-is-not-broken-only-dented-the-trouble-with-canadian-airport-privatization/article33359029/>

3 https://www.accc.gov.au/system/files/2015-16%20AMR%20revised%206%20March_0.pdf

4 <https://yow.ca/en/media-center/cta-review/accc-suggests-airport-regulation-says-flyers-pay-16b-extra-fees-due-privatisations>

5 <https://www.theguardian.com/australia-news/2016/jul/27/acccs-rod-sims-says-privatisations-severely-damaging-economy>

THE CHAMBER RECOMMENDS

That the Federal Government:

1. Maintain a competitive and responsibly governed transportation industry by retaining the current governance model for Canada's ports and major airports wherever appropriate; and
2. Engage directly with stakeholders and industry experts before any further discussions regarding changes to the governance models of Canada's major transportation infrastructure.



BC Chamber of Commerce

Know what's on BC's mind.

www.bcchamber.org

@BCChamberofCom

FB/BCChamber

